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No. 93-1525

Supreme Court, U.S.
FILED
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

MICHAEL A. LEBRON,

Petitioner,

—v.—

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK),

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

JOINT APPENDIX
EXHIBITS
(Pages J.A. 200 to 748)

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PLAINTIFF'S EXHIBIT 2

STATION ADVERTISING AGREEMENT
BY AND BETWEEN

NATIONAL RAILROAD PASSENGER CORPORATION

AND

TRANSPORTATION DISPLAYS. INC. (TDI)

This Agreement made this 15th day of March, 1991, between the NATIONAL RAILROAD PASSENGER CORPORATION, a corporation of the District of Columbia, having offices at 60 Massachusetts Avenue, N.E., Washington, DC 20002 (hereinafter referred to as "Amtrak"), and Transportation Displays, Inc. (TDI) a New York Corporation, having an office at 275 Madison Avenue, New York, N.Y. 10016 (hereinafter referred to as "TDI").

SECTION 1. *GRANT*

For and in consideration of the payments, covenants and agreements hereinafter mentioned, Amtrak does hereby grant to TDI the right and privilege to develop, construct, place and maintain posters, islands, TDI clocks and dioramas, and to sell advertising space thereon, at those locations which may be authorized by Amtrak, at the sole discretion of Amtrak. TDI may enter into contracts, licenses and sub-licenses for advertising displays in the name of TDI, but not in the name of Amtrak. Both Amtrak and TDI may develop, construct, place and maintain self-contained and manned floor exhibits and sell advertising space thereon in accordance with rates published by TDI, for the particular location. It is mutually agreed that TDI will use its best efforts to expand installed inventory to those stations listed on Exhibit A.

SECTION 2. *TERM*

Subject to the terms and conditions hereof, this Agreement shall be for a term of ten (10) years, commencing on March 1,

1991, and ending on the last day of February 2001 and shall continue from year-to-year thereafter unless either party hereto shall give to the other not less than (l) year's written notice of termination of this Agreement.

Amtrak may terminate this Agreement at any time with respect to all or any stations by giving thirty (30) day's prior written notice of termination and upon the date of termination specified in such notice, this Agreement shall cease, terminate and come to an end, provided, however, that this Agreement shall continue in full force and effect with respect to any individual advertising contract so long as said contract does not have an initial term in excess of one year, nor, in any event, be in effect for more than one year following said termination date.

In the event that ownership of a station changes or a party other than Amtrak assumes control of a station, that event shall cause notice of termination within 30 days.

Upon execution, this License shall terminate, cancel and supersede, an Agreement dated the first day of December, 1985, between Amtrak and Winston Network, Inc., whereby Amtrak granted Winston Network, the right and privilege to develop, construct, place and maintain posters, TDI clocks and dioramas, and to sell advertising thereon at those locations authorized by Amtrak.

SECTION 3. *GUARANTEED ANNUAL PAYMENT*

(a) In consideration of the rights and privileges granted herein, TDI agrees to pay to Amtrak, from the date of the commencement of this Agreement, a guaranteed annual minimum fee (hereinafter referred to as "Minimum Fee") of per year or if greater, a fee (hereinafter referred to as "Percentage Fee") equal to certain percentages of TDI's net receipts, as set forth in Section 3(c) and Section (e) below. On the first anniversary date of this Agreement; and on each anniversary date thereafter, for a period of five (5) years, said Minimum Fee shall be of the guaranteed annual payment payable hereunder in the year immediately preceding. Commencing March

l, 1996, and on each March 1 thereafter, said Minimum Fee shall be shall of the guaranteed annual payment hereunder in the year immediately proceeding.

(b) On or before the 25th day of each month, TDI shall furnish Amtrak with a complete statement of TDI's net receipts (as defined in subsection [e] of this Section 3 for the preceding month, (hereinafter "Net Receipts"). Such statement shall show the total amount of the Net Receipts for the preceding month, including the name of the advertiser(s), amount(s) billed, and amount(s) collected. TDI's check for Percentage Payment shall accompany each statement if in excess of 1/12 of the minimum annual fee.

(c) TDI shall pay to Amtrak the following percentages of Net Receipts, according to media used, as follows:

(i) Self-contained Floor Exhibits, if marketed by TDI

(ii) Clocks, Dioramas, Islands and Posters

By mutual agreement in writing, the parties hereto may add to the foregoing other media and the percentages of Net Receipts to be made applicable thereto.

(d) As used herein, "Installed Inventory" shall mean advertising display equipment as defined in Section 13 hereof. Exhibit "B" attached hereto and made part hereof sets forth the Installed Inventory, as of the date of execution hereof, at the rail passenger stations listed in said Exhibit "B".

(e) As used herein, "Net Receipts" shall mean and include the gross amounts paid to or received by TDI from advertisers or their advertising agencies for the use of advertising facilities under this Agreement; provided however that there shall be excluded from the computation of the Net Receipts the following:

(i) Standard advertising commissions paid to recognized advertising agencies with respect to the use of advertising facilities hereunder, not to exceed fifteen (15%) percent for all advertising media;

(ii) Quantity purchase discounts actually allowed by TDI to advertisers or their advertising agencies hereunder;

(iii) Taxes separately stated and paid by advertisers or their advertising agencies and payable to or for the account of TDI and

(iv) Any amounts received by TDI which are not related to the use of advertising facilities hereunder.

SECTION 4. *AUDITS*

(a) In order to verify the amount of Net Receipts reported by TDI for any year or portion thereof under this Agreement, Amtrak shall have the right, at any time (but not after 3 years subsequent to the expiration of any such year), to conduct an audit of TDI's books and records pertaining to this Agreement. Such audits may be made by Amtrak's Auditing Department or by independent Certified Public Accountants, or by any other agent selected by Amtrak, or by any federal agency (including the General Accounting Office) which has the right to audit accounts.

(b) If such audit reveals an understatement of TDI's Net Receipts for the period in question, and a consequent deficiency in Percentage Payment, TDI shall forthwith pay the amount of such deficiency to Amtrak, and the cost of such audit shall be borne by TDI and, if such audit reveals an overpayment of Percentage Payment, Amtrak shall credit against the next monthly installment(s) of Percentage Payment to fall due, the amount of such overpayment; provided, however, that if the amount of any refund due to TDI hereunder exceeds the aggregate of installment(s) of Percentage Payment total due, and if, and TDI has fully complied with all of the terms, covenants, conditions and provisions to be performed by TDI under this Agreement and is not indebted to Amtrak, the amount of such excess shall be paid to TDI within thirty (30) days. The cost of such audit shall be borne

by Amtrak. The provisions of this covenant shall survive the expiration or other termination of this Agreement.

SECTION 5. *LATE PAYMENT FEE*

If TDI fails to pay any Minimum Fee, Percentage Fee or additional fees, charges or sums hereunder on the day when the same shall become due and payable, TDI shall pay Amtrak a service charge at the then existing Manufacturers Hanover Trust Company prime rate of interest plus two percentum (2%) of the amount of such fees or additional fees, charges or sums, or all of them for each month or portion of a month that they or any of them remain unpaid.

SECTION 6. *APPROVAL OF ADVERTISING MATERIAL & LOCATIONS*

All advertising material, exhibit material, notices and advertisements, and their manner of presentation and design, shall be subject to approval by Amtrak, which may disapprove army such items at its own discretion. TDI will immediately remove, at its sole expense, upon written demand of Amtrak, any display, sign, poster, or other advertising material (including advertisement content) which may be considered objectionable by Amtrak. In the event that such matter is not removed immediately upon receipt of written demand, Amtrak may remove said material or display and TDI will pay any costs or expense incurred by Amtrak, including all labor charges and warehouse or storage rental incurred as a consequence of such action. Amtrak shall not, in any way, be held responsible or liable for any actions taken under this Section.

SECTION 7. *LAWS, ORDINANCES, RULES AND REGULATIONS*

(a) TDI shall comply with all applicable federal, state, and local laws, ordinances, rules and regulations and with the rules and regulations of Amtrak, in the erection, display and

maintenance of all advertising. In the event that such laws, ordinances, rules or regulations require removal of all or any TDI Installed Inventory, TDI shall promptly comply with such requirement at its own cost and expense.

(b) TDI shall procure all necessary licenses, certificates, permits and authorizations, and shall pay all costs thereof.

(c) In the event any category or categories of advertising shall be prohibited, the parties hereto agree to negotiate in good faith, an adjustment to the Guaranteed Annual Payment payable under Section 3 hereof, said adjustment to reflect the loss of such advertising categories. In particular, TDI shall not sell nor display advertisements competitive to Amtrak's own business.

SECTION 8. *RATES*

(a) TDI shall establish and print a schedule of rates for all advertising displayed under this Agreement.

(b) A copy of TDI's published rates, effective as of the date of this Agreement, is attached hereto as Exhibit "C". TDI shall furnish Amtrak with copies of all revisions, changes and amendments to Exhibit "C" within thirty (30) days of their publication.

(c) Amtrak shall furnish TDI with ridership information, as available. TDI shall furnish Amtrak with all data relevant to determining the schedule of rates for all advertising displayed under this Agreement.

SECTION 9. *CONTRACT FORMS*

TDI shall submit to Amtrak, for prior approval, all forms to be utilized by TDI for contracting with advertisers. Copies of all contracts or agreements made by TDI pursuant to this Agreement shall also be submitted, upon request, to Amtrak.

SECTION 10. *STORAGE SPACE*

Amtrak agrees, where conditions permit and space is available, to provide TDI with reasonable space within stations for handling and storing of TDI's supplies, materials and advertising matter to be used pursuant to this Agreement. Amtrak shall incur no cost, expense or liability whatsoever in connection with such space, and TDI, if required, shall pay market rate rental for any unimproved storage space made available by Amtrak for TDI's use.

SECTION 11. *WORK ON AMTRAK PROPERTY*

The work of constructing, maintaining, repairing, altering, renewing, relocating, or removing any Installed Inventory shall be done under such conditions as shall be satisfactory to and be approved in advance by the Chief Engineer of Amtrak, or his designee, and as will not interfere with the proper and safe use, operation and enjoyment of the property of Amtrak. No such work shall be undertaken by or on behalf of TDI without prior written approval as aforesaid. TDI, at its own cost and expense, shall, when performing any work in connection with any part of the Installed Inventory, arrange for any necessary watchmen or flagman to ensure that personnel, equipment and materials are kept a safe distance away from the railroad tracks and shall attend Amtrak sponsored safety classes, as required. Any notification required to be given to Amtrak by TDI shall be sent by certified mail to such persons and addresses as may be designated by Amtrak's Chief Engineer or his designee.

SECTION 12. *MAINTENANCE*

TDI agrees that it will furnish, mount, install and continuously maintain in a clean and first-class condition its Installed Inventory, as defined in SECTION 13, and all parts thereof, and, in general, do any and all work under this Agreement, subject to the supervision and approval of Amtrak, at such times and in such manner as in no way to

impede or interfere with the use or operation of Amtrak's facilities. TDI, its employees, servants, suppliers of materials, and furnishers of service shall have the right of ingress and egress at Amtrak's facilities, subject to prior approval by Amtrak in order to perform its obligations as set forth in this Agreement.

SECTION 13. *ADVERTISING EQUIPMENT*

(a) TDI shall furnish, mount and install its own advertising display equipment, including, but not limited to frames, boards, clocks, poster panels, exhibits, dioramas, or any other advertising display equipment, at its sole cost and expense. All equipment is and shall remain the property of TDI, unless owned by a third party and installed in stations on a rental basis.

(b) TDI agrees to survey all TDI-installed equipment within sixty (60) days of commencement of this Agreement and to submit to Amtrak a written plan to replace old equipment and/or add new equipment to the Installed Inventory. Such plan shall be evaluated by Amtrak and Amtrak and TDI shall mutually agree on additions to Installed Inventory. It is the intent of TDI to increase its capital investment and improvements in Installed Inventory in Amtrak stations over the term of this Agreement by Five Hundred Thousand Dollars ($500,000), in addition to improvements specified in the predecessor agreement of $500,000 and specifically to include those improvements listed in Exhibit D.

(c) Upon expiration or termination of this Agreement for any reason, TDI at its sole cost and expense, shall remove from the property, facilities and premises of Amtrak, all Installed Inventory, including but not limited to advertising frames, clocks, displays, exhibits, and advertising equipment and materials which TDI and those claiming by, through or under it were permitted to install or maintain under the rights and privileges given by this Agreement, and shall restore said

property, facilities and premises, reasonable wear and tear excepted.

(d) If TDI shall fail to commence removal of its Installed Inventory within thirty (30) days after expiration or termination, then Amtrak may effect such removal and restoration at the expense of TDI, and TDI agrees to pay Amtrak the reasonable cost and expense thereof promptly upon receipt of invoice therefor.

SECTION 14. *ELECTRICITY*

(a) Amtrak shall provide existing electrical current for the illumination/operation of advertising displays and clocks for that equipment documented in Exhibit B and Exhibit D.

(b) Amtrak shall not be responsible for reductions or interruptions in the supply of electrical power.

SECTION 15. *NON-INTERFERENCE WITH CONCESSIONAIRES*

The rights and privileges granted herein to TDI shall not be deemed to limit the right of Amtrak to grant tenants, licensees and concessionaires the right to advertise in the premises or space used by them by agreement of Amtrak.

SECTION 16. *TERMINATION BY AMTRAK*

In addition to any other termination rights contained in the Agreement, Amtrak shall have the right, upon sixty (60) days written notice to TDI, to terminate this Agreement any time after the occurrence of any one or more of the following events:

(i) Non-payment of the Guaranteed Annual Payment or Percentage Payment due Amtrak when such non-payment shall continue for a period of twenty (20) days.

(ii) If any petition shall be filed by or against TDI to declare TDI bankrupt or to delay, reduce or mod-

ify TDI's debts or obligations or if TDI be declared insolvent according to law, or if any assignment of TDI's property shall be made for the benefit of creditors, or if a receiver or trustee is appointed for TDI or its property, Amtrak may treat the occurrence of any one or more the foregoing events as breach of the Agreement without notice, and immediately enter and repossess the spaces covered hereunder.

(iii) Abandonment by TDI of and discontinuance of operations hereunder.

(iv) Non-performance of any covenant of this Agreement, excluding the covenant of payment herein contained, and failure of TDI to remedy such breach within a period of sixty (60) days after receipt of written notice from Amtrak of the existence of said breach.

(v) If TDI becomes permanently deprived of the rights, powers and privileges necessary to the proper conduct and operations of the Installed Inventory specified in this Agreement.

(vi) Damage by fire or other casualty to the stations listed in Exhibit A hereto.

(vii) Assumption of control of any of the aforesaid station by parties other than Amtrak.

SECTION 17. *TERMINATION BY TDI*

In addition to any other termination rights contained in this Agreement, this Agreement shall be subject to termination by TDI in the event any one or more of the following events occur:

(i) The permanent abandonment of Amtrak's transportation system, or substantial portions thereof.

(ii) The lawful assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of the transportation facilities covered hereunder, or any substantial part or parts thereof in such a manner as to substantially restrict TDI from operating therefrom for a period in excess of ninety (90) days.

(iii) Issuance by any court of competent jurisdiction of any injunction in any way preventing or restraining the use of Amtrak's facilities, and the remaining in force of such injunction for a period in excess of ninety (90) days.

(iv) The default by Amtrak in the performance of any covenant or agreement herein required to be performed by Amtrak, and the failure of Amtrak to remedy such default for a period of sixty (60) days after receipt of written notice by TDI to remedy the same.

SECTION 18. *ABANDONMENT, LEASES, SALES*

(a) This Agreement is expressly made subject to any abandonment of a part of a line or lines or any facilities or terminals of Amtrak, to any and all sales, leases, assignments or licenses of any of the aforementioned property or premises by Amtrak, to the provisions of all leases or agreements under which Amtrak holds said property or premises, to all encumbrances, conditions, covenants, rights and easements to which the title of Amtrak is or may be subject, to all other leases or licenses to which Amtrak is or may be subject, to all leases or licenses which Amtrak may have granted or may grant in the future to other parties, and to the right of Amtrak at any and all times: (1) to place or cause to be placed, notices and bulletins (in locations other than on TDI's signs) advertising its own services and matters of interest to the public or for the information of employees or patrons of Amtrak, (2) to sell,

lease or license any and all of its property and premises, and (3) to carry on all of its general and special business operations.

(b) In the event Amtrak desires at any time or times to sell, assign, lease, license or otherwise dispose of any or all of its property, facilities, and premises, or to abandon any part of a line or lines of railroad, TDI at TDI's sole cost and expense, shall in any and all such events remove forthwith, upon notice from Amtrak, any and all Installed Inventory and advertising matter thereon permitted hereunder that Amtrak specifies should be removed from the property, facilities or premises to be sold, leased, licensed, or otherwise disposed of.

SECTION 19. *FORCE MAJEURE, STRIKE, ETC.*

(a) If TDI is deprived of advertising space in any or all the stations set forth in Exhibit A hereto for more than thirty (30) successive days by reason of force majeure, strike, fire, loss of inventory by action of Amtrak or other cause beyond the control of TDI, then the Guaranteed Annual Payment payable shall be adjusted and/or abated to reflect the loss of use of the space on a pro-rata basis.

(b) If TDI is totally deprived of advertising space in all the aforesaid stations for more than sixty (60) successive days because of force majeure, labor strike, or any other cause beyond the control of TDI, or if the public is totally denied normal access to such stations for any reason, then TDI may cancel this Agreement in its entirety as of the date of such deprivation of space or denial of access by giving Amtrak written notice of its intention do to so, without any further liability being incurred thereby on the part of TDI or Amtrak.

SECTION 20. *INSURANCE AND LIABILITY*

(a) TDI shall indemnify and save harmless Amtrak and its directors, officers, employees, agents, representatives, contractors, invitees or any other persons from all suits and

action of every type and description brought against them, or which may arise as a result of any injuries or damages received or sustained by any person, persons or property, or from acts of said TDI, its agents, servants or employees, performed on the premises of Amtrak.

(b) TDI shall indemnify and save harmless Amtrak and its directors, officers, employees, agents, representatives, contractors, invitees or any other persons against any claims or liability arising from or based upon the violation of any federal, state county or city laws, by-laws, ordinances, or regulations, by TDI, its agents, servants and employees.

(c) Protection against loss by fire or other casualty to the Installed Inventory or to any part thereof or to the contents of any advertising displays shall not at any time be an obligation of Amtrak.

(d) TDI shall procure and maintain at all times during the term of this agreement, at its own cost and expense, the insurance specified below. All insurance shall be placed with insurance carriers acceptable to Amtrak and licensed to do business in the states where the signs are located. TDI shall furnish Amtrak with a certificate or certificates of insurance giving evidence of the required coverage at the exercise of this agreement and on an annual basis thereafter. With respect to Railroad Protective Liability Insurance, TDI shall furnish Amtrak with the original policy at the exercise of this agreement and on an annual basis thereafter. No acceptance by Amtrak of any insurance certificate or policy required hereunder shall constitute or be construed as a waiver by Amtrak of the requirements below which shall be and remain the sole responsibility of TDI. All insurance shall provide for 30 days prior written notice to be given to Amtrak in the event coverage is substantially changed, cancelled, or non-renewed. Such notices shall be mailed to Amtrak marked, "Attention: Vice President-Real Estate and Operations Development", at the address set forth on page first hereof. The failure by TDI at any time to procure and/or maintain any of the below stated

insurance will constitute a default under Section 30 hereof and Amtrak may terminate this agreement. Amtrak reserves the right to increase the required coverage at any time at the sole discretion of Amtrak.

(i) *Commercial General Liability Insurance*—Issued to and covering liability imposed upon TDI with respect to the operations of this agreement, and all obligations assumed by TDI under the terms of this agreement. Products/completed operations, independent contractors, contractual, and personal injury/advertising liability coverages are to be included, and Amtrak is to be named as an additional insured with respect to TDI's operations in connection with this agreement. Coverage under this policy shall have limits of liability of not less than two million dollars ($2,000,000) combined single limit for bodily injury (including disease or death), personal injury, and property damage (including loss of use) liability.

(ii) *Workers' Compensation Insurance*—Complying with the requirements of the statutes of jurisdiction in which operations of TDI will take place, covering all employees of TDI. Employers' Liability coverage with limits of liability of not less than five hundred thousand dollars ($500,000) each accident or illness shall be included.

(iii) *Railroad Protective Liability Insurance*—TDI shall provide, with respect to its operations or operations of its subcontractors within fifty (50) feet vertically or horizontally of railroad tracks, Railroad Protective Liability Insurance, AAR-AASHTO (ISO/RIMA) Form, in the name of National Railroad Passenger Corporation (Amtrak). The policy shall have limits of liability of not less than two million dollars ($2,000,000) per occurrence, combined single limit,

for coverages A and B, for losses arising out of injury to or death of all persons, and for physical loss or damage to or destruction of property, including the loss of use thereof. A six million dollar ($6,000,000) annual aggregate may apply. The policy shall be endorsed to protect Amtrak against all risk of liability arising directly or indirectly from TDI's use or occupancy of any sign location pursuant to this agreement.

(iv) *Property Insurance*—covering all sign structures and improvements against loss or damage by fire and such other damage by hazards as are included in the extended coverage endorsement in an amount not less than ninety percent (90%) of the full replacement cost of such property. This insurance shall contain a waiver of subrogation against Amtrak.

SECTION 21. *ASSIGNMENT, SUCCESSORS AND ASSIGNS*

(a) TDI shall not assign or transfer any of the rights or privileges granted herein without the prior written approval of Amtrak, which approval shall not be unreasonably withheld.

(b) The terms of this Agreement shall be binding upon the executors, administrators, successors and assigns of the parties hereto.

SECTION 22. *PATENTS AND TRADEMARKS*

TDI represents that it is the owner of or fully authorized to use any and all services, processes, machines, articles, marks, names or slogans used by it in its operations under or connected with this Agreement. TDI agrees to save and hold Amtrak, its directors, officers, employees, agents, representatives, contractors, invitees or any other persons free and harmless of and from any loss, liability, expenses, suit or

claim for damages in connection with any actual or alleged infringement of any patent, trademark or copyright, or arising from any alleged or actual unfair competition or other similar claim arising out of the operations of TDI under or connected with this Agreement.

SECTION 23. *CONDUCT OF EMPLOYEES*

TDI agrees that while its officers, agents and employees are on Amtrak premises, and about the station buildings, platforms and grounds, it will cause them to conduct themselves in a proper manner, and if complaint is made by Amtrak, it will forthwith take such corrective measures as are necessary.

SECTION 24. *NOTICES*

All notices, consents, demands, approvals, and requests ("notices") which are required or permitted to be given by either party to the other, pursuant to any provision of this Agreement, shall be sent by United States certified mail, return receipt requested, and shall be addressed as follows (or to such other address as either party may designate from time to time by written notice to the other):

(i) If to Amtrak:

National Railroad Passenger Corporation
60 Massachusetts Avenue, N.E.
Washington, DC 20002
Attention: Vice President-Real Estate and
Operations Development

(ii) If to TDI:

Transportation Displays, Incorporated
275 Madison Avenue
New York, NY 10016
Attention: Senior Vice President, Franchises

SECTION 25. *WAIVER*

No waiver of any term, condition or breach of this Agreement on any occasion shall be deemed to be a waiver of any other term, condition or breach of this Agreement on any other occasion, or a waiver of any continuing or subsequent breach of the same term or condition.

SECTION 26. *INDEPENDENT CONTRACTOR*

TDI is a independent professional firm contracting with Amtrak to provide expert assistance. TDI, its directors, officers, employees, agents, and servants are not to be deemed employees, agents, or servants of Amtrak. TDI assumes full responsibility for liability arising out of the negligence of its employees, whether by action or inaction. Amtrak assumes no liability or responsibility for the negligent acts of TDI, its directors, officers, employees, agents, or servants, by virtue of entering into this Agreement. TDI is and shall remain an independent contractor under the terms of this Agreement.

SECTION 27. *INTERPRETATION OF AGREEMENT*

This Agreement shall be governed and constructed in accordance with the laws of the District of Columbia.

SECTION 28. *SECTION TITLES*

The titles of Sections are for ease of reference only, and shall not be construed to control or in any way alter the plain meaning of the text of this Agreement.

SECTION 29. *NON-DISCRIMINATION*

TDI, in exercising any of the rights or privileges herein granted to it, shall not, on the grounds of age, sex, religion, race, color or national origin, discriminate or permit discrimination against any person or group of persons in any manner prohibited by federal, state or local laws. TDI shall comply with such Equal Opportunity and Affirmative Action

policies required of Amtrak contractors as Amtrak may establish from time-to-time.

SECTION 30. *ENTIRE AGREEMENT*

(a) This Agreement represents the entire understanding and agreement between the parties with respect to the subject matter hereof.

(b) This Agreement may not be changed orally. This Agreement may be changed only by mutual agreement in writing.

(c) If any provision of this Agreement is determined to be invalid or unenforceable, it shall be considered deleted herefrom and shall not invalidate the remaining provisions hereof.

SECTION 31. *PRIOR AGREEMENTS*

This Agreement cancels and supersedes all prior agreements relating to the subject matter of this Agreement between TDI or predecessors to TDI and Amtrak and the predecessors of Amtrak, as such Agreements pertain to the property and land that is owned, leased or otherwise used or occupied by Amtrak.

SECTION 32. *PUBLIC SERVICE ADVERTISING*

(a) TDI shall provide space for public service and Amtrak advertising on a preemptible basis. All public service advertising shall be subject to removal at any time for the benefit of paying advertisers.

(b) Public service advertising shall be entitled, at TDI discretion, to receive unsold advertising space at no space charge. However, TDI shall be permitted to charge a one-time labor fee to cover its out-of-pocket labor costs. Such labor fee shall not be deemed a part of TDI's Net Receipts as defined in this Agreement.

(c) TDI, in addition to providing public service advertising at no space cost, shall provide advertising space, on a preemptible basis, to legitimate non-profit organizations, at an established discount from regular space rate. The availability of the discount on the space rate shall be determined by TDI at its own discretion. All revenues collected pursuant to this subsection shall be subject to regular revenue sharing with Amtrak.

(d) Amtrak reserves the right to place its own messages, publicizing its own services, on the facilities covered by this Agreement. TDI will post and remove all such messages for Amtrak at no charge to Amtrak. All copies shall be provided to TDI by Amtrak at Amtrak's expense. All messages posted pursuant to this sub-section shall be on a preemptible basis for the benefit of paying advertisers, and shall be reasonable as to quantity to be posted. All materials to be posted shall be delivered to TDI not less than three (3) weeks prior to the required posting date.

SECTION 33. *ARBITRATION*

Any controversy or claim arising out of or relating to this contract, or breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

IN WITNESS WHEREOF, the parties hereto, by their authorized officers, have executed this Agreement as of the day and year first above written.

ATTEST:
By: [ILLEGIBLE] /s/
Witness

TRANSPORTATION DISPLAYS, INC.

By: [ILLEGIBLE] /s/
Executive Vice President

Date: [ILLEGIBLE]

NATIONAL RAILROAD PASSENGER
CORPORATION

By: TONY DE ANGELO by [ILLEGIBLE]
Tony DeAngelo
Vice President
Real Estate and
Operations Development

Date: March 28, 1991

EXHIBIT A

Station Advertising Agreement by and between National Railroad Passenger Corporation (Amtrak) and Transportation Displays, Inc. (TDI).

Stations where advertising is installed

1. New York Penn Station
2. Princeton Junction, New Jersey
3. Trenton, New Jersey
4. Newark, New Jersey
5. Wilmington, Delaware
6. Baltimore Penn Station
7. Philadelphia 30th Street Station
8. North Philadelphia
9. Septa Stations owned by Amtrak
10. New Carrollton, Maryland
11. Washington D.C. Union Station

Stations specifically excluded from Agreement

1. Chicago Union Station

Stations for expansion

1. Providence, R.I.
2. Albany/Rensselaer, N.Y.
3. Hudson, New York
4. Rhinecliff, New York
5. Kingston, Rhode Island
6. Old Saybrook, Connecticut
7. New London, Connecticut
8. Connecticut Commuter Stations
9. BWI
10. Westerly, Rhode Island

PLAINTIFF'S EXHIBIT 3

IN-STATION ADVERTISING AGREEMENT
BY AND BETWEEN NRPC and WNI

FORM PARAGRAPHS

___	ISAA. 0		*INTRODUCTION*
___	ISAA. 1	SECTION 1.	*GRANT*
___	ISAA. 2	SECTION 2.	*TERM*
___	ISAA. 3	SECTION 3.	*ANNUAL PAYMENT*
___	ISAA. 4	SECTION 4.	*NEW YORK CITY-PENNSYLVANIA STATION ADVERTISING SPECTACULAR DISPLAY*
___	ISAA. 5	SECTION 5.	*AUDITS*
___	ISAA. 6	SECTION 6.	*APPROVAL OF ADVERTISING MATERIAL & LOCATIONS*
___	ISAA. 7	SECTION 7.	*LAWS, ORDINANCES, RULES AND REGULATIONS*
___	ISAA. 8	SECTION 8.	*RATES*
___	ISAA. 9	SECTION 9.	*CONTRACT FORMS*
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___	ISAA. 16	SECTION 16.	*TERMINATION BY AMTRAK*
___	ISAA. 17	SECTION 17.	*TERMINATION BY WNI*
___	ISAA. 18	SECTION 18.	*ABANDONMENT, LEASES, SALES*

___	ISAA. 19	SECTION 19.	*FORCE MAJEURE, STRIKE, ETC.*
___	ISAA. 20	SECTION 20.	*INSURANCE AND LIABILITY*
___	ISAA. 21	SECTION 21.	*ASSIGNMENTS, SUCCESSORS AND ASSIGNS*
___	ISAA. 22	SECTION 22.	*PATENTS AND TRADEMARKS*
___	ISAA. 23	SECTION 23.	*CONDUCT OF EMPLOYEES*
___	ISAA. 24	SECTION 24.	*NOTICES*
___	ISAA. 25	SECTION 25.	*WAIVER*
___	ISAA. 26	SECTION 26.	*INDEPENDENT CONTRACTOR*
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___	ISAA. 28	SECTION 28.	*SECTION TITLES*
___	ISAA. 29	SECTION 29.	*NON-DISCRIMINATION*
___	ISAA. 30	SECTION 30.	*ENTIRE AGREEMENT*
___	ISAA. 31	SECTION 31.	*PRIOR AGREEMENT*
___	ISAA. 32	SECTION 32.	*PUBLIC SERVICE ADVERTISING*
___	ISAA. 33	SECTION 33.	*ARBITRATION*
___	ISAA. 34		*IN WITNESS*

IN-STATION ADVERTISING AGREEMENT
BY AND BETWEEN

NATIONAL RAILROAD PASSENGER CORPORATION

AND

WINSTON NETWORK, INC.

This Agreement (Agreement), dated as of the first-day of December, 1985, is made between the NATIONAL RAILROAD PASSENGER CORPORATION, a Corporation of the District of Columbia, having an office at 400 North Capitol Street, Washington, DC 20001 (hereinafter referred to as "Amtrak"), and Winston Network, Inc., a New York Corporation, having an office at 275 Madison Avenue, New York, New York 10016 (hereinafter referred to as "WNI").

SECTION 1. *GRANT*

For and in consideration of the payments, covenants and agreements hereinafter mentioned, Amtrak does hereby grant to WNI the right and privilege to develop, construct, place and maintain posters, WNI Islands, clocks and dioramas, and to sell advertising space thereon, at those locations listed in Exhibit A hereto as well as at additional locations which may be authorized by Amtrak, at the sole discretion of Amtrak. WNI may enter into contracts, licenses and sub-licenses for advertising displays in the name of WNI, but not in the name of Amtrak. Both Amtrak and WNI may develop, construct, place and maintain self-contained floor exhibits and sell advertising space thereon.

SECTION 2. *TERM*

Subject to all the terms and conditions hereof, this Agreement shall be for a term of five (5) years, commencing on December 1, 1985, and ending on November 30, 1990 and shall continue from year-to-year thereafter unless either party hereto shall give to the other not less than one (1) year's written notice of termination of this Agreement; which notice shall expire on the last day of the term or the last day of any subsequent additional year, as the case may be.

Amtrak may terminate this Agreement at any time with respect to all or any stations by giving thirty (30) days prior written notice of termination and upon the date of termination specified in such notice, this Agreement shall cease, terminate and come to an end, provided, however, that this Agreement shall continue in full force and effect with respect to any individual advertising contract so long as said contract does not have an initial term in excess of one year, nor, in any event, be in effect for more than one year following said termination date.

SECTION 3. *ANNUAL PAYMENT*

(a) In consideration of the rights and privileges granted herein, WNI agrees to pay to Amtrak, on and after the first anniversary date of this Agreement, a guaranteed annual payment based on Installed Inventory; as defined herein and the applicable percentages of net receipts (hereinafter "Percentage Payment"), as set forth in Section 3(d) and Section (e) below. On the second anniversary date of this Agreement; and on each anniversary date thereafter, said guaranteed annual payment shall be one hundred and ten percent (110%) of the guaranteed annual payment payable hereunder in the year immediately preceding.

(b) On or before the 25th day of each month, WNI shall furnish Amtrak with a complete statement of WNI's net receipts (as defined in subsection (f) of this Section 3 for the preceding month, (hereinafter "Net Receipts"). Such statement shall show the total amount of Net Receipts for the preceding month, including the name of the advertiser(s), amount(s) billed, and amount(s) collected. WNI's check for Percentage Payment shall accompany each statement if in excess of $^{1}/_{12}$ of the minimum annual fee.

(c) Within forty-five (45) days following the close of each year and of this Agreement and each continued year hereunder, WNI shall furnish Amtrak with a consolidated statement of Net Receipts (hereinafter "Net Receipts") for the year in question, certified by an independent Certified Public Accountant.

(d) WNI shall pay to Amtrak the following percentages of Net Receipts according to media used, as follows:

(i) Self-contained Floor Exhibits, if marketed by WNI	–60%
(ii) Clocks, Dioramas, Posters and WNI Island Displays	–50%

By mutual agreement in writing the parties hereto may add to the foregoing other media and the percentages of Net Receipts to be made applicable thereto.

Percentages of Net Revenue payable by WNI hereunder shall be no lower than those payable by WNI to railroads other than Amtrak:

(e) As used herein, "Installed Inventory" shall mean advertising display equipment as defined in Section 13 hereof.

Exhibit "A" attached hereto and made part hereof sets forth the Installed Inventory, as of the date of execution hereof, at the rail passenger stations listed in said Exhibit "A". On the anniversary date of each year of this Agreement; and each continued year, WNI shall deliver to Amtrak a revised Exhibit A, specifying additions to, and deletions from the previous year's Installed Inventory. The guaranteed annual fee shall be adjusted annually (on the anniversary date of this Agreement) by mutual agreement between Amtrak and WNI, to reflect all changes in Installed Inventory.

(f) As used herein, "Net Receipts" shall mean and include the gross amounts paid to or received by WNI from advertisers or their advertising agencies for the use of advertising facilities under this Agreement; provided, however, that there

shall be excluded from the computation of Net Receipts the following:

(i) Standard advertising commissions paid to recognized advertising agencies with respect to the use of advertising facilities hereunder, not to exceed fifteen (15%) percent for all advertising media;

(ii) Quantity purchase discounts actually allowed by WNI; to advertisers or their advertising agencies hereunder;

(iii) Taxes separately stated and paid by advertisers or their advertising agencies and payable to or for the account of WNI; and

(iv) Any amounts received by WNI which are not related to the use of advertising facilities hereunder.

(v) Labor fees charged by WNI to public service advertising pursuant to Section 32(b) hereof.

SECTION 4. *NEW YORK CITY—PENNSYLVANIA STATION ADVERTISING SPECTACULAR DISPLAY*

(a) This Agreement cancels and supersedes that certain Permit for Advertising Display Facilities, between Amtrak and WNI, dated August 15, 1980, Permit No. 31-01-047.

SECTION 5. *AUDITS*

(a) In order to verify the amount of Net Receipts reports by WNI for any year or portion thereof under this Agreement, Amtrak shall have the right, at any time (but not after 2 years subsequent to the expiration of any such year), to conduct an audit of WNI's books and records pertaining to this Agreement. Such audits may be made by Amtrak's Auditing Department or by independent Certified Public Accountants, or by any other agent selected by Amtrak, or by any federal agency (including the General Accounting Office) which has the right to audit accounts.

(b) If such audit reveals an understatement of WNI's Net Receipts for the period in question, and a consequent deficiency in Percentage Payment, WNI shall forthwith pay the amount of such deficiency to Amtrak, and, if such audit reveals an overpayment of Percentage Payment, Amtrak shall credit against the next monthly installment(s) of Percentage Payment to fall due, the amount of such overpayment; provided, however, that if the amount of any refund due to WNI hereunder exceeds the aggregate of installment(s) of Percentage Payment total due, and if, and WNI has fully complied with all of the terms, covenants, conditions and provisions to be performed by WNI under this Agreement and is not indebted to Amtrak, the amount of such excess shall be paid to WNI within thirty (30) days. The cost of such audit shall be borne by Amtrak. The provisions of this covenant shall survive the expiration or other termination of this Agreement.

SECTION 6. *APPROVAL OF ADVERTISING MATERIAL & LOCATIONS*

All advertising material, exhibit material, notices and advertisements, and their manner of presentation and design, shall be subject to approval by Amtrak, which may disapprove any such items at its own discretion. WNI will immediately remove, at its sole expense, upon written demand of Amtrak, any display, sign, poster, or other advertising material (including advertisement content) which may be considered objectionable by Amtrak. In the event that such matter is not removed immediately upon receipt of written demand, Amtrak may remove said material or display and WNI will pay any costs or expense incurred by Amtrak, including all labor charges and warehouse or storage rental incurred as a consequence of such action. Amtrak shall not, in any way, be held responsible for liable for any actions taken under this Section.

SECTION 7. *LAWS, ORDINANCES, RULES AND REGULATIONS*

(a) WNI shall comply with all applicable federal, state, and local laws, ordinances, rules and regulations and with the rules and regulations of Amtrak, in the erection, display and maintenance of all advertising. In the event that such laws, ordinances, rules or regulations require removal of all or any WNI Installed Inventory, WNI shall promptly comply with such requirement at its own cost and expense.

(b) WNI shall procure all necessary licenses, certificates, permits and authorizations, and shall pay all costs thereof.

(c) In the event any category or categories of advertising shall be prohibited, the parties hereto agree to negotiate in good faith, an adjustment to the Percentage Payment payable under Section 3 hereof, said adjustment to reflect the loss of such advertising categories.

SECTION 8. *RATES*

(a) WNI shall establish and print a schedule of rates for all advertising displayed under this Agreement.

(b) A copy of WNI's published rates, effective as of the date of this Agreement, is attached hereto as Exhibit "B". WNI shall furnish Amtrak with copies of all revisions, changes and amendments to Exhibit "B".

(c) Amtrak, shall furnish WNI with ridership information, as available. WNI shall furnish Amtrak with all data relevant to determining the schedule of rates for all advertising displayed under this Agreement.

SECTION 9. *CONTRACT FORMS*

WNI shall submit to Amtrak, for prior approval, all forms to be utilized by WNI for contracting with advertisers. Copies of all contracts or agreements made by WNI pursuant to this Agreement shall also be submitted, upon request, to Amtrak.

SECTION 10. *STORAGE SPACE*

Amtrak agrees, where conditions permit and space is available, to provide WNI with reasonable space within stations for handling and storing of WNI's supplies, materials and advertising matter to be used pursuant to this Agreement. Amtrak shall incur no cost, expense or liability whatsoever in connection with such space, and WNI, if required, shall pay market rate rental for any unimproved storage space made available by Amtrak for WNI's use.

SECTION 11. *WORK ON AMTRAK PROPERTY*

The work of constructing, maintaining, repairing, altering, renewing, relocating, or removing any Installed Inventory shall be done under such conditions as shall be satisfactory to and be approved in advance by the Chief Engineer of Amtrak, or his designee, and as will not interfere with the proper and safe use, operation and enjoyment of the property of Amtrak. No such work shall be undertaken by or on behalf of WNI without prior written approval as aforesaid. WNI, at its own cost and expense, shall, when performing any work in connection with any part of the Installed Inventory, arrange for any necessary watchmen or flagman to ensure that personnel, equipment and materials are kept a safe distance away from the railroad tracks. Any notification required to be given to Amtrak by WNI shall be sent by certified mail to such persons and addresses as may be designated by Amtrak's Chief Engineer or his designee.

SECTION 12. *MAINTENANCE*

WNI agrees that it will furnish, mount, install and continuously maintain in a clean and first-class condition its Installed Inventory and all parts thereof, and, in general, do any and all work under this Agreement, subject to the supervision and approval of Amtrak, at such times and in such manner as in no way to impede or interfere with the use or operation of Amtrak's facilities. WNI, its employees, ser-

vants, suppliers of materials, and furnishers of service shall have the right to ingress and egress at Amtrak's facilities, subject prior approval by Amtrak in order to perform its obligations set forth in this Agreement.

SECTION 13. *ADVERTISING EQUIPMENT*

(a) WNI shall furnish, mount and install, its own advertising display equipment, including, but not limited to frames, boards, clocks, poster panels, islands, exhibits, dioramas, or any other advertising display equipment, at its sole cost and expense. All equipment is and shall remain the property of WNI, unless owned by a third party and installed in stations on a rental basis.

(b) WNI agrees to survey all WNI-installed equipment within one year of commencement of this Agreement and to submit to Amtrak a written plan to replace old equipment and/or add new equipment to the Installed Inventory. Such plan shall be evaluated by Amtrak and Amtrak and WNI shall mutually agree on additions to Inventory. It is the intent of WNI to increase its capital investment and improvements in Installed Inventory in Amtrak stations over the term of this Agreement by $1,000,000.

(c) Upon expiration or termination of this Agreement for any reason, WNI, at its sole cost and expense, shall remove from the property, facilities and premises of Amtrak, all Installed Inventory, including but not limited to advertising frames, clocks, displays, exhibits, and advertising equipment and materials which WNI and those claiming by, through or under it were permitted to install or maintain under the rights and privileges given by this Agreement, and shall restore said property, facilities and premises, reasonable wear and tear excepted.

(d) If WNI shall fail to commence removal of its Installed Inventory within ninety (90) days after expiration or termination, then Amtrak may effect such removal and restoration

at the expense of WNI, and WNI agrees to pay Amtrak the reasonable cost and expense thereof promptly upon receipt of invoice therefor.

SECTION 14. *ELECTRICITY*

(a) Amtrak shall provide existing electrical current for the illumination/operation of advertising displays and clocks.

(b) Amtrak shall not be responsible for reductions or interruptions in the supply of electrical power.

SECTION 15. *NON-INTERFERENCE WITH CONCESSIONAIRES*

The rights and privileges granted herein to WNI shall not be deemed to limit the right of Amtrak to grant tenants, licensees and concessionaires the right to advertise in the premises or space used by them by agreement of Amtrak.

SECTION 16. *TERMINATION BY AMTRAK*

In addition to any other termination rights contained in the Agreement, Amtrak shall have the right, upon sixty (60) days written notice to WNI, to terminate this Agreement any time after the occurrence of any one or more of the following events:

(i) Non-payment of Percentage Payment due Amtrak when such non-payment shall continue for a period of twenty (20) days after written notice of demand for payment.

(ii) If any petition shall be filed by or against WNI to declare WNI bankrupt, or to delay, reduce or modify WNI's debts or obligations or if WNI be declared insolvent according to law, or if any assignment of WNI's property shall be made for the benefit of creditors, or if a receiver or trustee is appointed for WNI or its property, Amtrak may treat the occurrence of any one of more of the

foregoing events as breach of the Agreement without notice, and immediately enter and repossess the spaces covered hereunder.

(iii) Abandonment by WNI of and discontinuance of operations hereunder.

(iv) Non-performance of any covenant of this Agreement, excluding the covenant of payment herein contained, and failure of WNI to remedy such breach within a period of sixty (60) days after receipt of written notice from Amtrak of the existence of said breach.

(v) If WNI becomes permanently deprived of the rights, powers and privileges necessary to the proper conduct and operations of the Installed Inventory specified in this Agreement.

(vi) Damage by fire or other casualty to the stations listed in Exhibit A hereto.

(vii) Assumption of control of any of the aforesaid station by parties other than Amtrak.

SECTION 17. *TERMINATION BY WNI*

In addition to any other termination rights contained in this Agreement, this Agreement shall be subject to termination by WNI in the event any one or more of the following events occur:

(i) The permanent abandonment of Amtrak's transportation system, or substantial portions thereof.

(ii) The lawful assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of the transportation facilities covered hereunder, or any substantial part or parts thereof in such a manner as to substantially restrict WNI from operating therefrom for a period in excess of ninety (90) days.

(iii) Issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of Amtrak's facilities, and the remaining in force of such injunction for a period in excess of ninety (90) days.

(iv) The default by Amtrak in the performance of any covenant or agreement herein required to be performed by Amtrak, and the failure of Amtrak to remedy such default for a period of sixty (60) days after receipt of written notice by WNI to remedy the same.

SECTION 18. *ABANDONMENT, LEASES, SALES*

(a) This Agreement is expressly made subject to any abandonment of a part of a line or lines or any facilities or terminals of Amtrak, to any and all sales, leases, assignments or licenses of any of the aforementioned property or premises by Amtrak, to the provisions of all leases or agreements under which Amtrak holds said property or premises, to all encumbrances, conditions, covenants, rights and easements to which the title of Amtrak is or may be subject, to all other leases or licenses to which Amtrak is or may be subject, to all leases or licenses which Amtrak has granted or may grant in the future to other parties, and to the right of Amtrak at any and all times: (1) to place or cause to be placed, notices and bulletins (in locations other than on WNI's signs) advertising its own services and matters of interest to the public or for the information of employees or patrons of Amtrak, (2) to sell, lease or license any and all of its property and premises, and (3) to carry on all of its general and special business operations.

(b) In the event Amtrak desires at any time or times to sell, assign, lease, license or otherwise dispose of any or all of its property, facilities, and premises, or to abandon any part of a line or lines of railroad, WNI at WIN's sole cost and expense, shall in any and all such events remove forthwith, upon notice from Amtrak, any and all Installed Inventory and advertising

matter thereon permitted hereunder that Amtrak specifies should be removed from the property, facilities or premises to be sold, leased, licensed, or otherwise disposed of.

SECTION 19. *FORCE MAJEURE, STRIKE, ETC.*

(a) If WNI is deprived of advertising space in any or all the stations set forth in Exhibit A hereto for more than thirty (30) successive days by reason of force majeure, strike, fire, or other cause beyond the control of WNI, then the Percentage Payment payable shall be adjusted and/or abated to reflect the loss of use of the space on a pro-rata basis.

(b) If WNI is totally deprived of advertising space in all the aforesaid stations for more than sixty (60) successive days because of force majeure, labor strike, or any other cause beyond the control of WNI, or if the public is totally denied normal access to such stations for any reason, then WNI may cancel this Agreement in its entirety as of the date of such deprival of space or denial of access by giving Amtrak written notice of its intention do to so, without any further liability being incurred thereby on the part of WNI or Amtrak

SECTION 20. *INSURANCE AND LIABILITY*

(a) WNI shall indemnify and save harmless Amtrak and its directors, officers, employees, agents and representatives from all suits and action of every name and description brought against them, or which may arise as a result of any injuries or damages received or sustained by any person, persons or property, or from acts of said WNI, its agents, servants or employees, performed on the premises of Amtrak.

(b) WNI shall indemnify and save harmless Amtrak and its directors, officers, employees, agents and representatives against any claims or liability arising from or based upon the violation of any federal, state, county or city laws, by-laws, ordinances, or regulations, by said WNI, its agents, servants and employees.

(c) Protection against loss by fire or other casualty to the Installed Inventory or to any part thereof or to the contents of any advertising displays shall not at any time be an obligation of Amtrak.

(d) WNI shall, at its own cost and expense, maintain in effect at all times during the existence of this Agreement, Workmen's Compensation and Comprehensive Public Liability Insurance, insurance against death, personal injury, property damage, and legal-contractual liability, arising from or in connection with acts or omissions pursuant to this Agreement, in an amount not less than Three Million Dollars ($3,000,000.00) combined single limit.

(e) During such times as WNI is performing major construction or major repairs, as determined by Amtrak, WNI will provide Railroad Protective Liability Insurance written for and on behalf of Amtrak, providing limits of Two Million Dollars ($2,000,000.00).

(f) Upon execution of this Agreement by Amtrak, WNI shall furnish certificates of such required insurance, as to contents and carriers, to Amtrak, which will contain the following provisions:

(i) Thirty (30) days prior notice to Amtrak of policy cancellation or termination.

(ii) Under all policies of insurance, Amtrak shall be included as an additional named insured.

SECTION 21. *ASSIGNMENT, SUCCESSORS AND ASSIGNS*

(a) WNI shall not assign or transfer any of the rights or privileges granted herein without the prior written approval of Amtrak, which shall not be unreasonably withheld.

(b) The terms of this Agreement shall be binding upon the executors, administrators, successors and assigns of the parties hereto.

SECTION 22. *PATENTS AND TRADEMARKS*

WNI represents that it is the owner of or fully authorized to use any and all services, processes, machines, articles, marks, names or slogans used by it in its operations under or connected with this Agreement. WNI agrees to save and hold Amtrak, its directors, officers, employees, agents and representatives free and harmless of and from any loss, liability, expenses, suit or claim for damages in connection with any actual or alleged infringement of any patent, trademark or copyright, or arising from any alleged or actual unfair competition or other similar claim arising out of the operations of WNI under or connected with this Agreement.

SECTION 23. *CONDUCT OF EMPLOYEES*

WNI agrees that while its officers, agents and employees are on Amtrak premises, including but not limited to, rail cars, and about the station buildings, platforms and grounds, it will cause them to conduct themselves in a proper manner, and if complaint is made by Amtrak, it will forthwith take such corrective measures as are necessary.

SECTION 24. *NOTICES*

All notices, consents, demands, approvals, and requests ("notices") which are required or permitted to be given by either party to the other, pursuant to any provision of this Agreement, shall be sent by United States certified mail, return receipt requested, and shall be addressed as follows (or to such other address as either party may designate from time to time by written notice to the other):

(i) If to Amtrak:

National Railroad Passenger Corporation
400 North Capitol Street, NW
Washington, DC 20001
Attention: Vice President-Real Estate

(ii) If to WNI:

Winston Network, Inc.
275 Madison Avenue
New York, NY 10016
Attention: Senior Vice President, Franchise

SECTION 25. *WAIVER*

No waiver of any term, condition or breach of this Agreement on any occasion shall be deemed to be a waiver of any other term, condition or breach of this Agreement on any other occasion, or a waiver of any continuing or subsequent breach of the same term or condition.

SECTION 26. *INDEPENDENT CONTRACTOR*

WNI is an independent professional firm contracting with Amtrak to provide expert assistance. WNI, its directors, officers, employees, agents, and servants are not to be deemed employees, agents, or servants of Amtrak. WNI assumes full responsibility for liability arising out of the negligence of its employees, whether by action or inaction. Amtrak assumes no liability or responsibility for the negligent acts of WNI, its directors, officers, employees, agents, or servants, by virtue of entering into this Agreement. WNI is and shall remain an independent contractor under the terms of this Agreement.

SECTION 27. *INTERPRETATION OF AGREEMENT*

This Agreement shall be governed and constructed in accordance with the laws of the District of Columbia.

SECTION 28. *SECTION TITLES*

The titles of Sections are for ease of reference only, and shall not be construed to control or in any way alter the plain meaning of the text of this Agreement.

SECTION 29. *NON-DISCRIMINATION*

WNI, in exercising any of the rights or privileges herein granted to it, shall not, on the grounds of age, sex, religion, race, color or national origin, discriminate or permit discrimination against any person or group of persons in any manner prohibited by federal, state or local laws. WNI shall comply with such Equal Opportunity and Affirmative Action policies required of Amtrak contractors as Amtrak may establish from time-to-time.

SECTION 30. *ENTIRE AGREEMENT*

(a) This Agreement represents the entire understanding and agreement between the parties with respect to the subject matter hereof.

(b) This Agreement may not be changed orally. This Agreement may be changed only by a mutual agreement in writing.

(c) If any provision of this Agreement is determined to be invalid or unenforceable, it shall be considered deleted herefrom and shall not invalidate the remaining provisions hereof.

SECTION 31. *PRIOR AGREEMENTS*

This Agreement cancels and supersedes all prior agreements relating to the subject matter of this Agreement between WNI and Amtrak and the predecessors of Amtrak, as such Agreements pertain to the property and land that is owned, leased or otherwise used or occupied by Amtrak.

SECTION 32. *PUBLIC SERVICE ADVERTISING*

(a) WNI shall provide space for public service advertising on a preemptible basis. All public service advertising shall be subject to removal at any time for the benefit of paying advertisers.

(b) Public service advertising shall be entitled, at WNI, discretion, to receive unsold advertising space at no space charge. However, WNI shall be permitted to charge a one-time labor fee to cover its out-of-pocket labor costs. Such labor fee shall not be deemed a part WNI's Net Receipts as defined in this Agreement.

(c) WNI, in addition to providing public service advertising at no space cost, shall provide advertising space, on a preemptible basis, to legitimate non-profit organizations, at an established discount from regular space rate. The availability of the discount on the space rate shall be determined by WNI at its own discretion. All revenues collected pursuant to this subsection shall be subject to regular revenue sharing with Amtrak.

(d) Amtrak reserves the right place its own messages, publicizing its own services, on the facilities covered by this Agreement. WNI will post and remove all such messages for Amtrak at no charge to Amtrak. All copy shall be provided to WNI by Amtrak at Amtrak's expense. All messages posted pursuant to this sub-section shall be on a preemptible basis for the benefit of paying advertisers, and shall be reasonable as to quantity to be posted. All materials to be posted shall be delivered to WNI not less than three (3) weeks prior to the required posting date.

SECTION 33. *ARBITRATION*

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

IN WITNESS WHEREOF, the parties hereto, by their authorized officers, have executed this Agreement as of the day and year first above written.

ATTEST:

By: [illegible]/s/
Witness

WINSTON NETWORK, INC.

By: [illegible]/s/
Senior Vice President

Date: [illegible]

ATTEST:

By: [illegible]/s/
Witness

NATIONAL RAILROAD PASSENGER CORPORATION

By: [illegible]/s/
Assistant Vice President
Real Estate

Date: February 28, 1986

EXHIBIT A

STATION	*1-SH.*	*2-SH.*	*3-SH.*	*CLCKS*	*DRMS*	*OTHER*
PENN STATION-NY	0	44	39	0	0	0
PRINCETON JUNCT.	9	32	20	1C	0	0
TRENTON	1	42	9	4D	0	0
PROVIDENCE	5	5	14	0	0	0
WILMINGTON	0	0	8	0	0	0
PENN STA.-BALT.	0	22	24	0	0	0
PENN STATION-NY Vert.	9	237	108	3C	34	1 - 5
				62D		7 Vert.
						2 Exh.
						1
Rolari						
						1 Exh.
30TH STREET	0	118	50	0	10	
30TH ST(NOT)	0	24	40	2C	0	3 Island
N. PHILADELPHIA	8	18	0	0	0	
OVERBROOK	7	13	6	0	0	
MERION	1	4	4	0	0	
NARBETH	0	4	3	0	0	
WYNNEWOOD	9	9	12	1C	0	
ARDMORE	7	18	4	0	0	
HAVERFORD	4	10	12	0	0	
BRYN MAWR	9	8	16	1C	0	
ROSEMONT	4	9	4	0	0	
VILLANOVA	5	4	6	1C	0	
RADNOR	5	9	3	0	0	
ST. DAVIDS	0	1	10	0	0	
WAYNE	9	12	4	0	0	
STRAFFORD	3	9	2	0	0	

STATION	*1-SH.*	*2-SH.*	*3-SH.*	*CLCKS*	*DRMS*	*OTHER*
DEVON	6	8	1	1C	0	
BERWYN	3	7	3	0	0	
DAYLESFORD	0	3	0	0	0	
PAOLI	8	17	23	1C	0	
TOTAL	112	687	425	77	44	

PLAINTIFF'S EXHIBIT 4

PERMIT FOR
ADVERTISING DISPLAY FACILITY
(ADF)

THIS PERMIT AGREEMENT is made this 15th day of August, 1980, by and between the NATIONAL RAILROAD PASSENGER CORPORATION, a Corporation of the District of Columbia, with offices at 400 North Capitol Street, N.W., Washington, D. C. 20001 (hereinafter called the "Permittor"), and TRANSPORTATION DISPLAYS INC., a Corporation of the State of New York, with offices at 275 Madison Avenue, New York, New York 10016, (hereinafter called the "Permittee").

1. GRANT

WITNESSETH, that for and in consideration of the payments, covenants and agreements hereinafter mentioned, stipulated and contained, on the part of the Permittee to be paid, kept and performed, Permittor does hereby permit the Permittee to be the sole and exclusive advertising sales representative for the advertising spectacular display hereinafter described and to maintain, at Permittee's sole cost and expense, said advertising spectacular display (hereinafter called the "facility") for sale to advertisers, being 100 feet in length by 10 feet in width situate over Permittor's ticket counter located on the west side of the Ticket Concourse of Permittor's Pennsylvania Station situate between Eighth and Seventh Avenues, 31st to 33rd Streets, in the Borough of Manhattan, City, County and State of New York.

2. PURPOSE

The purpose of the Permittor in extending the permission granted hereby is to have available at the location aforementioned the services which the Permittee is authorized to render hereunder, and with respect hereto the Permittee agrees that it will conduct a first class operation and will furnish all necessary equipment, personnel, supplies, materials and other facilities therefor.

3. RESERVATION

Permittor hereby reserves unto itself and its licensees the right and easement to maintain, repair and renew any pipe, conduit, electric and communication lines, and any other facilities of like character, as may now exist or may hereafter be placed upon, under or over the facility, it being agreed that this permit is subject and subordinate to any and all such rights, easements and uses. Permittee shall occupy and use the facility in a careful, safe and orderly manner so as not to interfere in any way with the maintenance or operation of the business of Permittor or of its licensees or with any structures or facilities appurtenant to the business of Permittor or of its licensees.

4. EFFECTIVE PERIOD

The effective period of this Permit is Five (5) years, commencing on the First day of January 1980, and ending on the Last day of December 1984, yielding and paying therefor to Permittor, without any previous demand therefor, such fees, additional charges and sums as hereinafter set forth at P.O. Box 1582, Group No. 5, Washington, D. C. 20013, or at any such other place as Permittor may from time to time designate.

5. TERMINATION

Permittor shall have the right to terminate this permit at any time during the effective period hereof by giving to Permittee at least Ninety (90) days prior written notice of intention so to do in the event that the Permittor shall desire to use the facility, or any portion thereof, either for itself or through agreement with others for transportation or public service purposes, or for construction, reconstruction, demolition, sale or lease of that portion of the building of which the demised premises constitute a part and upon the date of termination specified in such notice this permit shall cease, terminate and come to an end. In the event of the expiration or termination of this permit, whether under the provisions of this Section "5", or otherwise, Permittee shall peaceably quit and deliver possession of the facility to Permittor on or before such date of expiration or termination.

If the last day of the term of this permit falls on Sunday this permit shall expire on the business day immediately preceding.

6. COMPENSATION

The Permittee shall pay to Permittor from the date of commencement of this permit fees which shall be equal to sixty-five per centum (65%) of the monthly gross receipts of Permittee from said facility; said fee to be paid in equal monthly installments, on or before the fifteenth (15th) day of each succeeding month during the continuance of this permit, said payment to be accompanied by a true statement, signed by Permittee's chief financial officer, of Permittee's gross receipts during the preceding month in such form and detail as the Permittor may request (Permittor reserves the right at any time and from time to time to change said form and/or request different or additional information); adjustments on account thereof shall be made for the preceding year hereunder within thirty (30) days following the end of said yearly

period. On or before such day, Permittee shall furnish Permittor with a statement of its gross receipts for the said yearly period attested to by Permittee's chief financial officer or by the Certified Public Accountant then under retainer by Permittee for the audit of its books and records (if Permittee shall have such public accountant then under retainer) or such other person normally charged by the Permittee with such responsibility for the audit or maintenance of Permittee's books and records.

The term "Gross Receipts" as used in this Permit shall mean and include all gross revenue of Permittee, derived from or attributable to the use, enjoyment or operation of the facility, including, without limitation, the following:

All gross revenues (i) for the use of facility under any use or occupancy agreements, written or oral and however denominated (whether sub-lease, license, concession, franchise, privilege or otherwise), from any persons, including subtenants, licensees, concessionaires or otherwise, (ii) for and in consideration of the cancellation, surrender or modification of any such agreement, (iii) for the admission to or use of facilities forming a part of or appurtenant to the facility (iv) from the operation or use of the facility or any business conducted thereon by Permittee and (v) all amounts paid by advertisers or users of the facility to Government Authorities or persons other than Permittee in discharge of obligations of Permittee, whether or not arising out of or in connection with the facility.

Provided however that "Gross Receipts" shall not mean or include the following:

(1) Agency commissions, cash discounts, or fees paid to collection agencies, excluding however commissions of any kind of parent, subsidiary, or affiliated companies.

Permittee further covenants and agrees to pay to the Permittor, as additional fees for the electric current and ventilation furnished, a sum of Eight Hundred Thirty One and 78/100 Dollars ($831.78) per month commencing January 1, 1980, said sum to be paid in advance on the first day of each

and every month during the continuance of this agreement at the office hereinbefore designated; provided, however, that from time to time the amount of such additional fees shall be reviewed and adjusted by the Permittor in accordance with Permittee's actual consumption of electricity and the rate charged Permittor therefor.

If Permittor is entitled to an adjustment of the fees in accordance with the above provisions, Permittor shall send a notice to Permittee setting forth the new fees. Any delay of Permittor in sending such notice shall not constitute a waiver of or in any way impair the continuing obligation of Permittee to pay such fee adjustments. In the event of an adjustment in the fees applicable to the permit year in which this permit terminates, the Permittee shall pay to the Permittor any additional fees owed for the months elapsed in such permit year within fifteen (15) days after such notice.

7. RECORD KEEPING: AUDITS

Permittor shall have the right, at any time and from time to time (but not after three (3) years subsequent to the expiration of the pertinent permit year), to cause an audit of Permittee's operation of the facility to be made by Permittor's Auditing Department, an independent Certified Public Accountant, or a firm of independent Certified Public Accountants or any other agent of Permittor selected by Permittor, or any federal agency including the General Accounting Office which has the right to audit Permittor's accounts, to verify the amount of Permittee's gross receipts reported by Permittee for any permit year or portion thereof.

If such audit reveals an understatement of Permittee's gross receipts for the period in question and a consequent deficiency in the payment of percentage fees, Permittee shall forthwith pay the amount of such deficiency to Permittor, and if such audit reveals an overpayment of percentage fees, Permittor shall credit against the next monthly installment(s) of fees falling due the amount of such overpayment; provided,

however, that if the amount of any refund due Permittee hereunder exceeds the aggregate remaining installment(s) of fees and Permittee has fully complied with all of the terms, covenants, conditions and provisions to be performed by Permittee under this permit and is not indebted to Permittor, the amount of such excess shall be paid by Permittee within thirty (30) days after Permittee has duly vacated the facility. The cost of such audit shall be borne by Permittor unless such audit reveals a deficiency of more than two percent (2%) or Five Hundred Dollars ($500.00), whichever is the lesser, in the percentage fees which should have been paid by Permittee for the period in question, in which event Permittee shall pay to Permittor on demand the costs of such audit and ten percent (10%) of the amount so underpaid as additional fees. Any payment, credit or refund to be made under this provision shall be without interest. The provisions of this covenant shall survive the expiration or other termination of this permit.

Permittee agrees to maintain and keep at its offices aforementioned for a period of not less than three (3) years following the end of each permit year, records which shall show annual gross receipts from the facility. For the period of three (3) years following the expiration or earlier termination of this permit, all of the records provided for hereunder shall be made available to Permittor upon written demand therefor by Permittor to Permittee, and to that extent the provisions of this covenant shall survive the expiration of the term.

It is the purpose and intent of the Permittor and Permittee that the annual fees shall be absolutely net to the Permittor, so that this permit shall yield, to the Permittor, the fees hereinbefore provided on the dates specified, and that all costs, fees, interest, charges, expenses, reimbursements, and obligations of every kind and nature whatsoever relating to the facility (excepting any payments on account of any fee mortgage which the Permittor may place upon the fee) which may arise or become due during or out of the term if this permit shall be paid or discharged by the Permittee as additional fees, and the

Permittee hereby agrees to indemnify and hold Permittor harmless from and against such costs, fees, interests, charges, expenses, reimbursements, obligations and any interest thereon.

Permittee will also pay without notice, and without abatement, deduction, or set off, except as may be required or permitted by this permit, as additional fees, all sums, taxes, assessments, costs, expenses, and other payments which the Permittee in any of the provisions of this permit assumes or agrees to pay, and in the event of any nonpayment thereof, the Permittor shall have (in addition to all other rights, and remedies) all the rights and remedies provided herein or by law in the event of nonpayment of fees.

8. COVENANT TO PAY FEES

Permittee will pay all fees and additional fees when due, without any setoff or deduction whatsoever, and any payment or receipt thereof by Permittor or its agent of any amount less than the full amount to which Permittor deems it is entitled shall not operate or be deemed to operate as a settlement or satisfaction of said fees or other amounts due, notwithstanding any statement or endorsement on the check or other paper accompanying the payment, but Permittor shall be deemed to have accepted said payment without prejudice and subject to its right to collect the balance actually due, as well as subject to any and all other rights available to Permittor by law and under this permit agreement.

9. LATE PAYMENT

If Permittee does not pay fees or any additional fees hereunder on the day when the same shall become due and payable and such failure to pay fees or any additional fees shall continue for a period of ten (10) days, Permittee shall pay to Permittor, a service charge at the rate of twelve percent (12%) per annum, or the highest rate allowed by law,

whichever is the greater of the amount of such fees or any additional fees or all of them for each month or portion of a month that the same shall remain unpaid; provided, however, that such service charge shall in no event, be less than Fifty Dollars ($50.00) for any month or portion of a month that fees or any additional fees shall remain unpaid. The provisions of this paragraph shall not preclude Permittor from exercising its options as set forth in any other Section of this permit agreement.

10. ELECTRICITY AND VENTILATION

Permittor will allow use of existing electric current for Permittee's needs and allow use of ventilating equipment necessary to exhaust heat generated by illumination of the facility; provided however, that Permittee shall provide all ventilation equipment and modifications, if needed, to electric current solely at its own expense and cost. Permittee agrees that Permittor shall not be liable for any failure to supply electric current or ventilation not due solely to its gross negligence; provided however, that in event of any power failure wherein Permittee is obligated to grant a third-party Advertiser a credit against fees or the cost of electricity consumed, then Permittor shall grant the same credit to Permittee.

Permittee shall give Permittor prompt written notice of any accidents to or defects in electric wires, to be remedied by Permittor with due diligence.

11. TAXES

The Permittee shall pay all taxes, license, certification, permit and examination fees and excises which may be assessed, levied, exacted or imposed on or against the facility or other property of the Permittee or the ownership, possession or use thereof, or on the Permittee's operation hereunder or on the gross receipts or income from such operation, and shall make all applications, reports and returns required in connection therewith.

The obligation to make any payment pursuant to this Article "11" shall survive the expiration, revocation, or termination of the effective period hereof.

Permittee shall, in addition to the foregoing, pay any new tax of a nature not presently in effect or contemplated, but which may be hereafter levied, assessed, or imposed upon the Permittor or the facility, if such tax shall be based on or arise out of the ownership, use, occupation or operation of the facility.

12. LIMITED USE

Permittee shall not use or occupy the facility for any other purpose whatsoever than: commercial advertising.

The statement in this permit as to the nature of the business to be conducted by Permittee in the facility shall not be deemed or construed to constitute a representation or warranty by Permittor that such business that may be conducted in or on the facility is lawful or permissible.

13. MAINTENANCE AND REPAIRS

Permittee has inspected and accepts the facility in its present condition and agrees that no representations or warranties with regard to condition, fitness for use or zoning of facility have been made that are not specifically expressed herein; and further agrees, at Permittee's sole cost and expense, to put and keep the facility in constant good order, repair and safe condition; and further agrees upon the expiration or other termination of this permit, to peaceably quit and deliver control of the facility to Permittor in like good order, repair and safe condition, reasonable wear and tear expected.

Permittee further agrees that upon the termination of this agreement, Permittee shall, at its sole cost and expense, remove from the said facility all fixtures and equipment,

goods and property owned by it and restore the facility to a condition satisfactory to Permittor; in case Permittee shall neglect, or refuse so to do, Permittor shall have the right forthwith to make such removal and restoration at the cost and expense of Permittee, which cost and expense Permittee hereby expressly agrees to pay on demand. and Permittee hereby authorizes Permittor so to do, without being liable to Permittee or to any other person or corporation, for any damage or compensation or to any suit or action for or on account of such removal and restoration.

Permittee further agrees that it shall, at its own cost and expense, assume maintenance of the entire advertising display and supporting structure and all facilities in connection therewith, including, but not limited to ordinary and extra-ordinary maintenance, cleaning, replacement lamps, supervision, all display equipment including transparencies, front lighted copy, lighting equipment and light fixtures, and all special equipment and fixtures required.

Permittee further agrees for itself, its employees and agents, that it will and they will place, remove and arrange materials or property, and in general do any and all work under this agreement, at such times and in such manner as in no way to impede or interfere with the operations of Permittor.

It is expressly agreed that should Permittor at any time at its option make any repairs, renewals or alterations, same shall not constitute a waiver of this covenant "13", or any portion hereof, or of any other provisions of this lease agreement, or of any law or custom pertaining to Permittee's obligations relative to maintenance, repairs, renewals or alterations.

14. COVENANT AGAINST ASSIGNMENT

Permittee shall not assign or transfer this permit in whole or in part, without the prior written consent of Permittor; and Permittee shall not mortgage or otherwise encumber or permit to be encumbered the facility or any part thereof, or any

structures now or hereafter placed on the facility, without the prior written consent of Permittor, and written consent to assign or transfer this permit in whole or in part, or to mortgage or otherwise encumber the facility or any part thereof, or any structures now or hereafter placed on the facility, shall not be deemed as waiving this restriction except to the extent of Permittor's said written consent, or as giving assent to any or further assignment, subletting, mortgaging or encumbrancing. Any assignment or transfer by merger, consolidation, operation of law or proceedings in equity, bankruptcy, insolvency or reorganization, or any other transfer of a controlling interest of the stock of Permittee to persons not now in control, shall be deemed to be an assignment within the meaning of this provision.

The term "assign", as used herein, shall also include (i) an assignment of a part interest in this permit, as well as any assignment from one co-tenant to another; and (ii) an assignment to any prior owner of tenant's interest herein or part thereof.

15. HAZARDOUS USE

Permittee shall comply with all regulations, recommendations, rules and requirements of Permittor, the local board of fire underwriters and any insurance carrier which insures or participates in insuring the facility and Permittee shall not knowingly permit any article to be brought upon or any act to be done upon or about the facility that will cause cancellation of any policy of insurance thereon or increase rates for such insurance beyond those usually charged for similar properties used for the purpose herein authorized.

Without limiting the generality of the foregoing, Permittee shall not use or keep gasoline in any form upon the facility, or bring upon, store or allow to be stored upon the facility any materials of a dangerous or highly flammable nature or of such nature as to cause an extra fire risk or hazard, unless otherwise specifically provided herein, and will comply with

all such reasonable rules and regulations as Permittor may prescribe looking to prevention of fires and compliance with insurance contracts and policies.

Permittee will allow Permittor's Insurance Department Inspectors to periodically inspect the said facility when making any fire inspection of the building which the same is a part.

16. CLEANING AND SANITATION

Permittee shall keep the facility in a clean and sanitary condition, including cleaning of floors, windows and lighting fixtures, and will cause all dirt, rubbish and other refuse matter to be carefully collected and promptly disposed of in a manner satisfactory to Permittor. The removal of said dirt, rubbish and other refuse matter shall be at the expense of Permittee who shall employ only such cleaning, garbage and trash removal contractors as may be approved by Permittor.

17. ORDINANCES

Permittee, at its sole cost and expense, shall comply with and obey all laws, ordinances, rules, regulations and requirements of all Federal, State, Municipal, County, Town, Village or other governmental authorities and the various departments thereof now existing or hereafter created, so far as the same may affect the facility and make any corrections to the facility necessary to comply with said laws, ordinances, rules and regulations and requirements, and will indemnify, defend and save harmless Permittor from any failure on the part of Permittee so to do.

18. SERVICE PERSONNEL

Permittee will provide sufficient personnel to service and maintain the facility.

Permittee's service personnel and those doing business with Permittee shall at all times be neatly dressed, observe all regulations in effect at the facility, and conduct operations in an orderly and proper manner so as not to annoy, disturb or be offensive to others at the facility. In the event Permittor shall object to the demeanor, conduct and appearance of the employees and invitees of the Permittee, and of those doing business with Permittee, Permittee will take all steps necessary to remove the cause of the objection.

19. PARKING

The Permittee, its employees, invitees and others doing business with Permittee shall have no right hereunder to park vehicles at the Station beyond a reasonable loading or discharging time, except in regular parking areas, if any, and upon payment of the regular charges therefor.

All service personnel shall use the designated service entrance and park service vehicles in the designated areas, if any.

20. SIGNS AND ADVERTISING

Permittee shall not paint, post or display any sign or advertisement on the said facility without the prior written approval of Permittor and requirement for such approval shall extend to the location, character, design, coloring and lettering of such sign or advertisement.

21. ALTERATIONS AND REMOVALS

Permittee shall not make any alterations, additions or improvements on or to the facility without the prior written consent of Permittor, and all alterations, additions or improvements which may be made by either Permittor or Permittee upon the facility, unless herein otherwise provided, and

except the personal property of Permittee which includes movable furniture, furnishings, and equipment shall be property of Permittor and shall remain upon and be surrendered with the facility as part thereof at the expiration or other termination of this permit without disturbance, molestation or injury.

22. PERMITTEE'S RESPONSIBILITY TO ITS EMPLOYEES

Permittee, in the performance of any and all work by Permittee under the terms of this permit or otherwise, upon or adjacent to the facility, will furnish all labor and supervisory forces of every kind and Permittee shall employ, pay from Permittee's own funds and have the right to discharge all persons engaged in the performance of such work and all such persons shall be and remain the sole employees of Permittee and subject to Permittee's exclusive supervision, direction and control.

23. LIENS AND CHARGES

Permittee, within thirty (30) days after completion of any construction, alterations, repair or improvement in or upon the facility, shall furnish to Permittor, a detailed certified statement of all labor and materials furnished and charges therefor, together with evidence of payment of all such charges, and a complete waiver and release of liens.

The creation or imposition of any lien or charge upon the demised premises through acts or omissions of Permittee, its agents, contractors or sub-contractors shall be deemed a default under the provisions of this permit.

In the event any such lien or charge shall not be paid or bonded by Permittee within fifteen (15) days after the lien or charge accrues, Permittor shall have the right to pay such lien or charge and Permittee shall repay the cost to Permittor, as additional fees hereunder, with interest at twelve percent

(12%) per annum or the highest interest allowable by law, whichever is the greater from the date of payment by Permittor, promptly upon rendition of a bill therefor. Nothing in this paragraph or in any other paragraph of this permit shall be deemed or construed as authority to Permittee to create any lien on the Permittor's interest in the facility.

24. INDEMNIFICATION

Permittee will be responsible for and will indemnify, save harmless and defend Permittor against and from any and all claims and suits for, and any and all liability, loss or expense arising from or incidental to or in connection with, damage to or loss of property of Permittor, Permittee, or of agents, servants, licensees, contractors, invitees or employees of either, or of any other person, and against and from any and all claims and suits for, and any and all liability, loss or expense arising from or incidental to or in connection with, injury to or death of persons, including agents, servants, contractors, licensees, invitees or employees of Permittor or of Permittee, or any other person (including Permittee if a natural person), which said damage, loss, injury or death shall arise in any manner, directly or indirectly, out of or incidental to or in connection with, this permit or the facility, or the use or occupation thereof, including any appurtenant sidewalks or driveways.

Permittee specifically agrees to relieve Permittor of any and all liability for damage to contents of the facility owned by or in the custody of Permittee, or improvements therein owned by or in the custody of Permittee, whether damaged by fire and extended coverage perils or other causes.

The term "Permittor" as used in this Section "24", shall include not only Permittor specifically named herein, but also any licensees, contractors or corporate affiliate of Permittor.

25. LOSS OR DAMAGE

Permittor shall not be liable to Permittee for any loss, injury or damage which may happen to the person (if Permittee is natural person) or property of Permittee, of Permittee's employees or of persons claiming under Permittee, while on or about the facility, caused by theft, fire, or by the handling of electrical installations, or by accident to or breakage of any of the machinery, piping or plumbing, fixtures or other appurtenances connected with any building or by water, rain or snow which may leak into, issue or overflow from any part of any such building.

26. INSURANCE

Permittee shall, at its own expense, procure and keep in force at all times during the term of this permit, insurance of the following types and amounts: Comprehensive Public Liability insurance in an amount of not less than Five Hundred Thousand Dollars ($500,000.) for personal injury to any one person; One Million Dollars ($1,000,000.) for personal injuries arising out of any one accident or occurrence and One Hundred Thousand Dollars ($100,000.) for property damage.

Permittee, if requested by Permittor at any time or times, shall provide and maintain in effect during the term hereof, fire and extended coverage and vandalism and malicious mischief insurance on the facility and any and all structures and improvements thereon, protecting Permittor in limits, carriers and form acceptable to Permittor and Permittee shall also provide and maintain in effect during the term hereof, coverage against such other hazards as Permittor may from time to time require.

All insurance shall be in the name of Permittee with contractual liability endorsement identifying the permit location, principals, date, and quoting verbatim the liability assumed by Permittee. The insurance shall be placed with insurance

companies licensed to do business in the state where the facility is located and if approved by Permittor. Permittee shall furnish Permittor with a certificate, or certificates, issued by the insurance carrier(s) evidencing such insurance including a waiver of subrogation against Permittor and reciting the contractual liability assumed by Permittee. Each policy shall provide that it shall not be cancelled or materially changed unless at least thirty (30) days' prior written notice of cancellation or change shall have been mailed by the insurance carrier to Permittor at the address designed in Article "4" hereof. All policies of insurance shall be subject to inspection by Permittor at any time.

Policy or policies of fire, extended coverage or other insurance on property of Permittee or in the Permittee's care and custody shall contain a waiver of subrogation against Permittor.

Permittee shall furnish to Permittor complete copies of all such insurance policies with evidence of payment of premiums therefor upon request of Permittor. All such policies shall be endorsed to provide not less than thirty (30) days' notice to Permittor of any cancellation thereof and of any material change in coverage.

The providing of said insurance coverages shall not be deemed a limitation on the liability of Permittee as provided in this permit, but shall be additional security therefor.

Each and every year on the First (1st) day of January, Permittee shall furnish Permittor with a certificate or certificates, issued by the insurance carrier(s) with evidence of payments of premium(s).

The failure by the Permittee at any time to procure and/or maintain the above stated insurance will constitute a default under Article "31" hereof and Permittor may terminate this permit.

27. THIRD-PARTY ADVERTISEMENTS

Before any binding contract is entered into and any advertisement is emplaced or installed, Permittee shall submit all third-party advertisements to the Permittor for its written approval of the following: the size or dimension, nature of product to be advertised, form, nature, style, wording and contents of the advertisement.

Without limiting the scope of its right to disapprove any advertising which Permittor in its sole judgment considers should not be accepted or installed by Permittee, Permittor makes the reservations contained herein to preclude any advertising that, in its judgment, may be unlawful, immoral, improper or offensive to good taste, or be in competition directly or indirectly with the transportation conducted by Permittor or its affiliated companies; or involve political or other views which could result in dissension or involve Permittor in dissension, complaints or controversy with its patrons or the public or involve matters or ramifications not now anticipated or foreseeable.

Permittee shall provide in its contracts with its third-party advertisers that notwithstanding the fact that Permittor and Permittee may have permitted the advertising to be placed on Permittor's property as herein provided, Permittor has reserved the right and shall have the right to cause to be removed forthwith without liability to Permittee or its third-party advertiser any advertisement which in the judgment of Permittor is or might be deemed to be slanderous, libelous, unlawful, immoral, offensive to good taste, involves illegal competition or trade practices, infringement of trademarks, trade names, violates rights or privacy, infringement of copyrights or proprietary rights.

Permittee, as part of its obligation under Article "26" to provide insurance against liability of Permittor, shall in addition thereto provide insurance against any action against itself or Permittor in the nature of defamation, libel, slander,

invasion of privacy or the like in the same amounts and under the same conditions as provided in Article "26"

28. FIRE CLAUSE

If the facility and/or the location(s) wherein the equipment is placed or installed shall be so damaged by fire or other cause without the fault or neglect of Permittee, Permittee's servants, employees, or agents, so as to render the facility and/or the location(s) unuseable for Permittee's operations, then either party may terminate or revoke, this permit upon ten (10) days' prior written notice to the other, and neither party shall incur any liability or have any claims against the other by reason of such termination except for such sums due and owing to Permittor from Permittee prior to the date of termination or revocation; provided, however, if such damage is due to the fault of Permittee, Permittee's servants, employees, or agents, the damage shall be repaired by or at the Permittee's expense and fees payable during the period of disrepair shall not be less than the average monthly fees due or paid Permittor over the preceding six-month period.

29. CONDEMNATION

If the whole or any part of the facility shall be taken for any public or quasi-public use, under any statute or by right of eminent domain or private purchase in lieu thereof by a public body vested with the power of eminent domain, then, when control shall be taken thereunder of the facility, or any part thereof, the term herein granted and all rights of the Permittee hereunder shall immediately terminate, and Permittee shall have no claim against Permittor for the value of any unexpired term of this permit.

30. DEFINITIONS

The word "Permittee" as used herein shall be construed to include the plural as well as the singular and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other forms of business association or to an individual or individuals, masculine or feminine, in all cases shall be assumed as having been made herein as though herein fully expressed.

The term "Permittor" as used in this permit, means only the owner or the mortgagee in possession for the time being of the land and building (or the owner of a lease of the building or of the land and building) of which the facility forms a part so that in the event of any sale or sales of said land and building or of said permit, or in the event of a lease of said building, or of the land and building, the said Permittor shall be and hereby is entirely freed and relieved of all covenants and obligations of Permittee hereunder.

The words "re-enter" and "re-entry" as used in this permit are not restricted to their technical legal meaning.

The word "period" as used in this permit shall include any preliminary period and/or any extension, renewal, or continued period or periods except where expressly excluded.

The term "permit year" as used herein shall be the period of one year's duration commencing on the first day when Permittee becomes obligated to pay fees and each successive period of one year's duration commencing on the anniversary of the first day when Permittee becomes obligated to pay fees.

The term "additional fees" as used herein shall be all costs and expenses other than fixed fees which Permittee assumes or agrees to pay pursuant to this permit.

31. DEFAULT

If default shall be made in Permittee's covenants herein to pay fees or additional fees, or if default shall be made in any other covenants and agreements herein contained on the part

of Permittee to be kept or performed, and if any such default shall not be cured within thirty (30) days after Permittee has been given written notice by Permittee to do so, or if the facility shall not be used by Permittee for the purposes herein authorized for a period of more than thirty (30) days, or if the facility should at any time be used for purposes other than as herein permitted, or if Permittee shall file or suffer to be filed against it a petition in bankruptcy, or if Permittee shall have an order for relief entered against it according to bankruptcy law, or if a receiver or trustee be appointed for the property of Permittee, or if Permittee shall make a general assignment for the benefit of creditors, then, in any of such cases, Permittor may, by written notice to Permittee immediately declare this permit terminated, and in such event, in addition to any other action or remedy which Permittor may have at law or in equity to recover damages or otherwise by reason of a breach by Permittee of provisions of this permit, Permittor shall have the right to remove Permittee by summary proceedings and thereafter Permittor may re-enter upon and take control of the facility and every part thereof, either by force or otherwise, without being liable to any prosecution, action or damages therefor and have and enjoy the facility as of its former estate free, clear and discharged of this permit and of all rights of Permittee hereunder; and all buildings, structures, improvements, materials and personal property owned, erected or placed upon the facility by or for Permittee or acquired by Permittee from a prior occupant, shall thereupon be and become the property of Permittor and may be sold or retained by Permittor or may be removed or demolished by Permittor at the sole cost and expense of Permittee, which cost and expense Permittee shall pay to Permittor upon demand; and Permittee also shall pay to Permittor upon demand all fees and expenses, including reasonable attorneys fees, incurred in connection with and in obtaining control of the facility as aforesaid.

Upon termination of this permit by Permittor under the default provisions of this permit agreement, all fees for the

remainder of the term of this permit, or for the remainder of any continued term hereof, shall be due and payable forthwith and Permittor may proceed according to law to collect the same and may subcontract the facility and receive and retain fees therefor and Permittee shall pay to Permittor any deficiency between the fees hereby reserved, including additional fees, and the fees collected for each month of the period which would otherwise have constituted the balance of the term of this permit or of any continued term hereof.

The receipt by or on behalf of Permittee of any fees or additional fees with or without knowledge of any breach of any of the terms, covenants or conditions of this permit agreement, shall not be deemed a waiver of such breach, nor shall such receipt be deemed a withdrawal of any notice given to Permittee under the terms of this permit agreement, nor shall such receipt be deemed a reinstatement or reestablishment of this permit or any portion thereof after termination or cancellation, nor shall the termination or other cancellation of this permit agreement or any portion thereof waive the obligation of Permittee to pay or discharge any fees, additional fees, taxes or other obligations accruing under this permit agreement.

Permittee hereby waives and relinquishes unto and in favor of Permittor the operation of all laws which do now or hereafter may exempt any property on the facility or any property in any way belonging to Permittee, whether on the facility or elsewhere, from levy and sale upon distress for rent or upon execution of any judgment obtained in an action brought for non-payment of any fees or additional fees hereunder or for breach of any other provisions hereof. The parties hereto shall and do hereby waive trial by jury in any action, proceeding or counter-claim brought by either party against the other on any matter whatsoever arising out of or in any way connected with this permit or Permittee's use of and occupancy of the facility or arising out of or in any way connected with any claim of injury or damage arising out of or in connection with this permit or such use or control. Permittee hereby expressly

waives any and all rights of redemption granted by or under any present or future laws in the event of Permittee being evicted or dispossessed for any cause or in the event of Permittor obtaining control of facility by reason of the violation by Permittee of any of the covenants and conditions of this permit or otherwise.

32. REMOVAL

Upon the expiration of the term hereof, or upon any other termination of this permit for reasons other than default on the part of Permittee, or upon default if required by Permittor, Permittee at sole cost and expense, shall remove from the facility any materials not owned by Permittor, and all waste, rubbish and debris; and restore the premises to as good condition as they were in before such property was erected or placed thereon; and all such work of removal and restoration shall be completed on or before the expiration or other termination of this permit. Should Permittee fail, neglect or refuse to so remove such property and make the aforesaid restoration, then and in such event Permittor shall have the following rights, which are hereby expressly given it, viz.: to remove such property and to make the aforesaid restoration, all at the expense of Permittee, which expense Permittee hereby expressly agrees to pay promptly upon demand, or to sell any of such property and retain the proceeds of such sale and to deliver such property to the purchaser or purchasers thereof free and clear of any right, title or interest therein of Permittee or of any person or corporation claiming through or under Permittee or of any person or corporation claiming through or under Permittee and without any liability whatsoever to Permittee or to any other person or corporation; or, if Permittor so elects, in lieu of such sale or removal of any of such property, Permittor may retain and use the same for any purpose whatsoever free and clear of any right, title or interest therein of Permittee or of any person or corporation claim-

ing through or under Permittee and without any liability whatsoever to Permittee or to any other person or corporation.

33. DEFAULT REMEDIES

The actions and remedies provided in this permit in event of default shall not be deemed exclusive but shall be in addition to all other actions and remedies at law or in equity in event of any such default; and no action or remedy taken or omitted by Permittor in event of default shall be deemed a waiver of such default and waiver of a particular default shall not be deemed a waiver of any other default or a waiver of the same default again occurring, nor shall any failure on the part Permittor to compel a fulfillment of any one or more of the covenants, terms and conditions herein contained be held to be a waiver of its right to enforce the same at any time thereafter during the term of this permit.

34. EQUAL OPPORTUNITY AFFIRMATIVE ACTION: NON-DISCRIMINATION

During the term of this permit the Permittee covenants and agrees to conform and comply (where and when applicable) with each and every term and condition outlined on Exhibits "A", and "B" which are attached hereto and made a part hereof. The terms "Permittor" and "Permittee" shall be substituted for "Lessor" and "Lessee," respectively, whenever the same appear in Exhibits "A" and "B". It is agreed that the Permittee's non-compliance with the provisions of this clause shall constitute a default under Article "31" hereof and the Permittor may terminate this permit, or may pursue such other remedies as may be provided by law.

35. INABILITY TO PERFORM

This permit and obligation of Permittee to pay fees and/or additional fees hereunder and to keep and perform all other

covenants and agreements hereunder on part of Permittee to be kept or performed shall in no way be affected, impaired, or excused because Permittor is unable to fulfill any of its obligations under this permit, or is unable to supply, or because Permittor is delayed in supplying any service expressly or impliedly to be supplied by Permittor, or is unable to perform, or because Permittor is delayed in performing, any work or service for which it is liable hereunder, if Permittor is prevented or delayed from so doing by reason of labor troubles or any outside cause beyond control of Permittor, including, but not limited to, governmental action or preemption, act of God, war or civil commotion or unrest.

36. SUBORDINATION

This permit is subject and subordinate to any and all ground or underlying leases and to any and all mortgages which may now or hereafter affect such leases or the real property of which the facility forms a part, and to all renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any mortgagee; however, in confirmation of such subordination, Permittee shall execute promptly any certificate to that effect upon request by Permittor. Permittee hereby constitutes and appoints Permittor as Permittee's attorney-in-fact to execute any such certificate or certificates for and on behalf of Permittee.

37. SUCCESSORS AND ASSIGNS

The covenants and agreements herein contained shall inure to the benefit of and be binding upon the successors, heirs, executors, administrators, and assigns of the parties hereto respectively, provided, however, that this permit shall not be assigned by Permittee without the prior written consent of Permittor.

38. NOTICES

Except as otherwise in this permit provided, a bill, statement, notice or communication which Permittor may desire, or be required to give to Permittee, shall be sufficiently given or rendered if in writing, delivered to Permittee personally or sent by registered or certified mail addressed to Permittee at 275 Madison Avenue, New York, New York 10016 or at any such address as Permittee shall designate by written notice, and the time of the rendition of such bill or statement and of the giving of such notice or communication shall be deemed to be the time when the same is delivered to Permittee, or mailed, as herein provided. Any notice by Permittee to Permittor must be sent by registered or certified mail addressed to National Railroad Passenger Corporation, Real Estate Department at 400 North Capitol Street, N.W., Washington, D. C. 20001 or at any such other address as Permittor may designate by written notice.

39. INTEGRATION

No change or modification of any of the covenants, terms or provisions hereof shall be valid unless in writing and signed by the parties hereto.

There are no understandings or agreements of any kind between the parties hereto, verbal or otherwise, other than as set forth in this permit.

This permit, including exhibits, if any, constitutes the entire agreement between Permittor and the Permittee on the subject matter hereof.

40. NOT A JOINT VENTURE

This permit shall not be deemed or construed as appointing the Permittee, the agent or representative of Permittor for any purpose whatsoever. Neither a partnership nor any joint venture is hereby created, notwithstanding the fact that all or a

portion of the fees to be paid hereunder may be determined by gross receipts from the operations of the Permittee hereunder.

41. NO WAIVER

The failure of Permittor to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this permit, or any of the Rules and Regulations hereinafter adopted by Permittor shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Permittor of fees with knowledge of the breach of any covenant of this permit shall not be deemed a waiver of such breach.

42. RULES AND REGULATIONS

The Permittee shall observe and obey (and compel its officers, employees, guests, invitees, and those doing business with it to observe and obey) the rules and regulations of Permittor now in effect, if any, and such further rules and regulations which may from time to time during the effective period of this permit, be promulgated by Permittor.

43. SEVERABILITY

The provisions of this permit are severable and it is the intention of the parties hereto that if this permit cannot take effect in its entirety because of the final judgment of any court of competent jurisdiction holding invalid any part or parts thereof, the remaining provisions of the lease shall be given full force and effect as completely as if the part or parts held invalid had not been included therein.

44. PARAGRAPH CAPTIONS

Paragraph captions used herein are placed for reading convenience and shall not have any other meaning, implication or purpose, legal or otherwise.

45. EXTENT REQUIRED BY LAW

To the extent required by law, this permit shall be subject to the approval, if necessary, of any State Commerce Commission, Board of Public Utility Commissioners, Public Service Commission or any such State body as may have jurisdiction.

46. NOT STRICTLY CONSTRUED

This permit shall not be strictly construed against the Permittor or Permittee. No remedy or election given by any provision of this permit shall be deemed exclusive unless so indicated, but each shall, wherever possible, be cumulative with all other remedies in law or equity unless otherwise specifically provided. Each provision hereof shall be deemed both a covenant and a condition and shall run with the land.

47. WORDS OF OBLIGATION

Whenever in this permit agreement any words of obligation or duty are used, such words or expressions shall have the same force and effect as though made in the form of covenants.

48. FORCE MAJEURE

This obligation of the Permittor hereunder shall be subject to Force Majeure which shall include but not be limited to labor troubles.

49. LAW GOVERNING

This agreement shall be governed by the laws of the District of Columbia.

50. TIME OF THE ESSENCE

Time and specific performance are each of the essence in this permit.

51. ENVIRONMENTAL

Permittee shall comply with all environmental regulations issued by Federal, State or Local Environmental Agencies, hereinafter called "Agencies", and shall maintain the facility according to environmental standards set by such agencies, including, but not limited to, water, air and noise standards. In the event Permittee fails to maintain the facility according to standards set by an agency and if, after giving reasonable notice of the failure to Permittee, Permittor acts to bring the facility into compliance, Permittee shall repay Permittor for all costs incurred by Permittor in abating a violation of such standards, and paying any fine or assessment levied as a result of violation of such standards, including, but not limited to, consulting, engineering, construction and legal costs. Permittee shall further indemnify, defend and save harmless Permittor from any claim of a violation of environmental standards resulting from Permittor's use of the facility, whether brought by an agency, a private citizen, or in a court procedure; and Permittee shall, at its cost, respond to all such claims for its benefit and for the benefit of Permittor.

52. REFUND

In the event of termination of this permit by Permittor for any cause other than default or failure to comply with the

terms of this permit by Permittee and if fees shall have been paid by Permittee in advance to a day subsequent to the date of such termination of this permit, then Permittor shall refund and repay to Permittee and Permittee shall receive and accept as full payment for all loss, damages, and demands occasioned by such termination of this permit, the apportioned amount of the term so avoided, except that no refund will be made of any amount less than Fifty Dollars ($50.00). Permittee shall remain liable for the payment of real estate taxes and other charges assessed or imposed upon Permittee's buildings or improvements or in connection therewith which may have accrued to date of such termination, and other taxes and assessments which Permittee is obligated to pay as additional fees hereunder shall be prorated to the date of termination.

Permittor shall not be obligated to reimburse Permittee for any expenditure by Permittee for construction of improvements, or for alterations, on or to the facility and Permittee hereby expressly waives any claim against Permittor for such reimbursement.

53. EXECUTION OF AGREEMENT BY LESSOR

It is understood and agreed between the parties hereto that execution of this Agreement by Permittee, and negotiation of any check or other negotiable instrument by Permittor, prior to the date of execution of this agreement by Permittor, shall in no way be deemed or construed by Permittee to be acceptance of this agreement by Permittor. In the event that this agreement is not executed by Permittor for any reason whatsoever, then and in that event the amount set forth in any such check or other negotiable instrument shall be refunded to Permittee within a reasonable period of time after written notification that this agreement will not be executed by Permittor; provided, however, that the payment by Permittee of a preparation fee, if any, to Permittor shall be nonrefundable and made as full payment for the Permittor's preparation

of this document without regard to whether or not same is ever executed.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their proper officers, thereto duly authorized, day and year first above written.

WITNESS:

R. HAGLER

NATIONAL RAILROAD PASSENGER CORPORATION

BY: KURT WEISSHEIMER

Kurt Weissheimer

TITLE: *Assistant Vice President–Real Estate*

WITNESS:

BERTON MILLER

TRANSPORTATION DISPLAYS, INC.

BY: JULIAN G. PIZZANO

TITLE: *Executive Vice President/General Manager*

EXHIBIT 'A'

EQUAL OPPORTUNITY

During the performance of this Agreement, the Lessee agrees as follows:

(a) The Lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, or national origin. The Lessee will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, age, or national origin. Such action shall include, but not be limited to, the following; employment, upgrading, demotion, or transfer; recruitment or recruitment adverting; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provision of this Equal Opportunity clause.

(b) The Lessee will, in all solicitations or advertisements for employees placed by or on behalf of the Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age, or national origin.

(c) The Lessee will send to each labor union or representative of workers with which lessee has a collective bargaining agreement or other contract or understanding, a notice advising the labor union or workers representative of the Lessee's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, and of the

rules, regulations and relevant orders for the Secretary of Labor.

(e) The Lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965 as amended by Executive Order No. 11375 of October 13, 1967, and by the rules, regulations and orders of the Secretary of Labor, and pursuant thereto and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of the Lessee's noncompliance with the Equal Opportunity clause of this Agreement or with any of the said rules, regulations, or orders, this Agreement may be canceled, terminated, or suspended, in whole or in part, and the Lessee may be declared ineligible for further contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965 as amended by Executive Order No. 11375 of October 13, 1967, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Lessee will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, so that such provisions will be binding upon each subcontractor or vendor. The Lessee will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: provided, however, that in the event the Lessee becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Lessee may request the United States to enter into such litigation with a subcontractor or vendor as

a result of such direction by the contracting agency, the Lessee may request the United States to enter into such litigation to protect the interests of the United States.

EXHIBIT 'B'

AFFIRMATIVE ACTION

(a) The Lessee agrees to use its best efforts to achieve minority employment within its total work force, including its associates and subcontractors. For purposes of this clause, (a) "minority employment" means employment of minority group members as hereinafter defined.

(b) The Lessee agrees to use its best efforts to carry out this policy in the award of its subcontracts, if any, to the fullest extent consistent with the efficient performance of this Agreement. As used herein, the term "minority business enterprise" means a business organization having at least fifty (50%) percent of its equity (exclusive of any equity interest held by any governmental agency) owned by minority group persons, or where less than fifty (50%) percent, the organization is controlled by such persons or such other organizations as the Amtrak determines to be a bona-fide minority business organization.

(c) The Lessee shall meet the requirements of 49CFR 265.7 which are as follows:

(1) As a condition to receiving Federal financial assistance under the Railroad Revitalization and Regulatory Reform Act of 1976 ("Act"), or the provisions of the Regional Rail Reorganization Act of 1973, as amended (45 U.S.C. 701 et. seq.) or the Rail Passenger Service Act of 1970 as amended (45 U.S.C. 501 et. seq.) amended by the Act, (collectively called, together with the Act, the "Rails Acts"), the Lessee hereby agrees to observe and comply with the following:

(i) No person in the United States shall on the grounds of race, color, national origin, age, or sex be excluded from participation in, or denied the benefits of, or be subjected to discrimination under, any project, program, or activity funded in whole or in part through such assistance.

(2) The following specific discriminatory actions are prohibited:

(i) A Lessee under any project, program or activity to which these clauses apply shall not, directly or through contractual or other arrangements, on the grounds of race, color, national origin, age, or sex:

(A) Deny a person any service, financial aid, or other benefit provided under such project, program or activity;

(B) Provide any service, financial aid, or other benefit to a person which is different, or is provided in a different manner, from that provided to others under such project, program or activity;

(C) Subject a person to segregation or separate treatment in any matter related to his receipt of any service, financial aid or other benefit under such project, program and activity;

(D) Restrict a person in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service, financial aid or other benefit under such project, program or activity;

(E) Deny a person an opportunity to participate in such project, program or activity through the provision of services or otherwise or afford him/her an opportunity to do so which is different from that afforded others under such project, program or activity.

(ii) A Lessee, in determining the types of services, financial aid, or other benefits, or facilities which will be provided under any such project, program or activity or the class of persons to whom, or the situations in which such services, financial aid, other benefits, or facilities will be provided under any such project, program or activity, or the class of persons to be afforded an opportunity to participate in any such project, program or activity shall not, directly or through contractual or other arrangements, utilize criteria or methods

of administration which have the effects of subjecting persons to discrimination because of their race, color, national origin, age, or sex, or have the effect of defeating or substantially impairing accomplishment of the objectives of the project, program or activity, with respect to individuals of a particular race, color, national origin, age, or sex.

(iii) In determining the site or location of facilities, a Lessee shall not make selections with the purpose or effect of excluding persons from, denying them the benefits of, or subjecting them to discrimination under any project, program or activity to which these clauses apply on the grounds of race, color, national origin, age, or sex, or with the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of these clauses.

(iv) The Lessee shall not discriminate against any employee or applicant for employment because of race, color, national origin, age, or sex. Except as otherwise required by the regulations or orders of Lessor, the Lessee shall take affirmative action to insure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, national origin, age, or sex. Such action shall include, but not be limited to, the following: employment, promotion, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of these nondiscrimination clauses. The Lessee understands and agrees that it shall not be an excuse for the Lessee's failure to provide affirmative action that the labor organizations with which the Lessee has a collective bargaining agreement failed or refused to admit or qualify minorities for admission to the union, or that the provisions of such agreements otherwise prevent Lessee from implementing its affirmative action program.

(V) The Lessee shall not discriminate against any business organization in the award of any contract because of race, color, national origin, age, or sex of its employees, managers or owners. Except as otherwise required by the regulations or orders of the Lessor, the Lessee shall take affirmative action to insure that business organizations are permitted to compete and are considered for awards of contracts without regard to race, color, national origin, age, or sex.

(3) As used in these clauses, the services, financial aid, or other benefits provided under a project, program, or activity receiving financial assistance under the Rail Acts include any service, financial aid, or other benefit provided in or through a facility funded through financial assistance provided under the Rail Acts.

(4) The enumeration of specific forms of prohibited discrimination does not limit the generality of the prohibition in paragraph (a)(1)(i) of this section.

(5) These clauses do not prohibit the consideration of race, color, national origin, age, or sex if the purpose and effect are to receive or overcome the consequences of practices or impediments which have restricted the availability of, or participation in Lessee's operations or activities on the grounds of race, color, national origin, age, or sex. Where prior discriminatory or other practice or usage tends, on the grounds of race, color, national origin, age, or sex, to exclude individuals or businesses from participation in, to deny them the benefits of, or to subject them to discrimination under any project, program or activity to which these clauses apply, the Lessee must take affirmative action to remove or overcome the effect of the prior discriminatory practice or usage. Even in the absence of prior discriminatory practice or usage to which this part applies, the Lessee is expected to take affirmative action to insure that no person is excluded from participation in or denied the benefits of the project, program or activity on the grounds of race, color, national origin or sex,

and that minorities and minority businesses are afforded a reasonable opportunity to participate in employment and procurement opportunities that will result from financial assistance provided under the Rail Acts.

(6) The Lessee agrees to take such actions as are necessary to monitor its activities and those of its contractors who will be paid in whole or in part with funds provided by the Rail Acts, or from obligations guaranteed by Lessor pursuant to the Rail Acts, except obligations guaranteed under section 602 of the Rail Passenger Service Act, in order to carry out affirmatively the purposes of paragraph (1) above, and to implement the affirmative action program developed and implemented pursuant to 49 CFR 265.

(7) The Lessee shall, in all advertisements for employees, or solicitations for services or materials from business organizations placed by or on behalf of the Lessee, in connection with any project, program or activities funded in whole or in part with financial assistance under the Rail Acts, state that all applicants for employment will receive consideration for employment, and all business organizations will receive consideration for an award of a contract, without regard to race, color, national origin, age, or sex.

(8) The Lessee shall send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice to be provided by the agency's representative, advising the labor organization or workers' representative of the Lessee's commitments under section 905 of the Act, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(9) The Lessee shall comply with all provisions of section 905 of the Act, the Civil Rights Act of 1964, any other Federal Civil Rights Act, and with the rules, regulations, and orders issued under such acts.

(10) The Lessee shall furnish all information and reports required by the rules, regulations, and orders of the Lessor, and will permit access to its books, records, and accounts by Lessor or any Federal agency, including the general accounting office which has the right to audit Lessor's accounts for purposes of investigation to ascertain compliance with rules, regulations, and orders referred to in paragraph (9) hereof.

(11) Lessee shall furnish such relevant procurement information, not included in its affirmative action program, as may be requested by the Minority Business Resource Center. Upon the request of the Lessee, the Center shall keep such information confidential to the extent necessary to protect commercial or financial information or trade secrets to the extent permitted by law.

(12) In the event of the Lessee's noncompliance with the nondiscrimination clauses of this Agreement, or with the provisions of section 905 of the Act, the Civil Rights Act of 1964, or with any other Federal Civil Rights Act or with any rules, regulations, or orders issued under such acts, this Agreement will, after notice of such noncompliance, be canceled, terminated, or suspended in whole or in part and the Lessee may be declared ineligible for further Federal financial assistance in accordance with procedures authorized in section 905 of the Act, or as otherwise provided by law.

(13) The Lessee shall not enter into any contract or contract modification whether for the furnishing of supplies or services or for the use of real or personal property, including lease arrangements or for construction in connection with a project, program or activity which receives financial assistance under the Rails Act with a Contractor debarred from or who has not demonstrated eligibility for Federal or federally assisted contracts, and will carry out such sanctions and penalties for violation of this part as may be imposed upon contractors and subcontractors by any authorized Federal official. The Lessee shall insure that the clauses required by

41 CFR 60 1.46 implementing Executive Order No. 11246 will be placed in each non-exempt federally assisted construction contract.

(14) The Lessee agrees to comply with and implement the written affirmative action program as approved by Lessor pursuant to section 265.17 of Title 49 CFR.

(15) The Lessee agrees to notify Lessor promptly of any suit or complaint filed against the Lessee alleging discrimination on the basis of race, color, national origin, age, or sex. the Lessee shall include the preceding provisions of paragraphs (a) through (d) in every contract or purchase order, whether for the furnishing of supplies or services or for the use of real or personal property, including lease arrangements, or for construction relating to projects, programs or activities financed in whole or in part under the Rail Acts. The Lessee shall cause each such contractor or vendor to include the provisions of paragraphs (a) through (d) in every subcontract. The Lessee will take such action with respect to any such contract or purchase order as Lessor may direct as a means of enforcing such provisions including sanctions of noncompliance; provided, however, that in the event the Lessee becomes involved in, or is threatened with, litigation with a contractor or vendor as a result of such direction by Lessor, the Lessee may request the United States to enter into such litigation.

PLAINTIFF'S EXHIBIT 6

[LETTERHEAD OF AMTRAK]

December 23, 1992

Tina Kowalsky Haut, Esq.
Sr. Vice President/General Counsel
Transportation Displays Incorporated
275 Madison Avenue
New York, NY 10016

Dear Ms. Haut:

Pursuant to Section 6 of the License Agreement between the National Railroad Passenger Corporation ("Amtrak") and Transportation Displays Incorporated ("TDI") dated March 15, 1991, Amtrak hereby notifies TDI that it cannot accept the advertising proposed for the Penn Station, New York spectacular advertising sign beginning January 1, 1993. Amtrak's policy is that it will not allow political advertising on the spectacular advertising sign.

Sincerely,

/s/ TONY DEANGELO
Tony DeAngelo
Vice President-Real Estate and
Operations Development

PLAINTIFF'S EXHIBIT 7

NATIONAL RAILROAD PASSENGER CORPORATION

1991 ANNUAL REPORT

FIVE-YEAR COMPARISON OF PERFORMANCE

	1991	1990	1989	1988	1987
Revenues (millions)	**$1,359.0**	$1,308.4	$1,269.1	$1,106.7	$ 973.5
Expenses (millions)	**$2,080.5**	$2,011.18	$1,934.5	$1,757.1	$1,672.0
Revenue-to-Expense Ratio	**.79***	.72	.72	.69	.65
Revenue-to-Shot-Term Avoidable Cost Ratio**	**1.23**	1.20	1.20	1.15	1.03
Revenue-to-Long-Term Avoidable Cost Ratio***	**.96**	.93	.91	.90	.79
Passenger Miles (millions)****	**6,273**	6,057	5,859	5,678	5,221
Passenger Miles per Train-Mile****	**184.5**	183.3	188.4	188.3	176.8
System On-Time Performance	**77%**	76%	75%	71%	74%
Ridership (millions)					
Amtrak System	**22.0**	22.2	21.4	21.5	20.4
Contract Commuter	**18.1**	18.0	17.4	15.4	10.2
Total	**40.1**	40.2	38.8	36.9	30.6

* Beginning in fiscal year 1991, the methodology of computing this ratio was changed to reflect the exclusion of excess Railroad Retirement and Unemployment Insurance Taxes which are now paid directly to the Internal Revenue Service by the Federal Railroad Administration on behalf of Amtrak. This change resulted in an increase of .06.

** Short-term avoidable costs—Costs of activities that would stop with the discontinuance of a route or train, or begin with the introduction of a new route or train. Such costs include train and engine crews, fuel and power, and maintenance of way.

*** Long-term avoidable costs—All short-term avoidable costs, plus claims expenses, heavy maintenance, and a portion of corporate and field overhead.

**** Contract commuter passengers not included.

* * *

PRESIDENT'S REPORT

* * *

What a dramatic change there has been in public perceptions about rail passenger service. From a dying industry, Amtrak is now recognized to be a vital part of the nation's transportation solution—an energy-efficient mode capable of reducing automobile and airport congestion and of assisting states and regions in meeting tough new air quality standards.

Far more important than perceptions, however, is the real growth we have seen in many segments of our business. Despite a very weak national economy during 1991, and a struggling travel industry, we posted modest increases in passenger miles and revenues. Admittedly, growth was well below projections, but not even the most pessimistic economists foresaw a recession of the kind we have witnessed. Yet, compared to the air industry that saw billion dollar losses and continued bankruptcies, Amtrak improved our revenue-to-cost ratio, increased our share of the Northeast Corridor travel market, and initiated a number of new, innovative services. Although we still required an operating subsidy to cover some $343 million in operating losses, we remain optimistic that we can meet our goal of eliminating the need for operating support by the end of this decade.

* * *

During the 1950s and 1960s, I had the misfortune to watch the slow demise of rail passenger service in this country, and more recently have had the opportunity to witness, and perhaps assist in, its resurrection. I am proud and deeply appreciative of the Amtrak employees who made this rebirth possible; of the passengers who have chosen time and time again to travel by Amtrak; of the localities and states that believed in the future of Amtrak and provided us with new train stations and other improvements; and, of course, of those in the Congress of the United States who had the vision and wherewithal to create and nurture us. I am proud of our

past achievements and even more optimistic about our future. We truly are at the dawn of a new era of highly marketable conventional and high-speed rail passenger service. Amtrak intends to be the leader in this area and at the forefront of a dynamic, financially healthy travel industry.

—W. Graham Clayton, Jr.
President

A STRATEGY FOR GROWTH

* * *

Amtrak's national passenger system forges an important link between the immense rural stretches of the nation and its urban centers. With over 500 stations and a 25,000 mile route system, Amtrak provides travelers—business executives, vacationers, families, students—with an important, enjoyable transportation alternative. During FY 1991, the number of miles traveled by Amtrak passengers grew 3.6 percent to 6.3 billion, up more than 110 percent since Amtrak commenced operations in 1971. Ridership remained steady at 40 million passengers, including 22 million intercity passengers (down a fraction of a percentage point from last year) and 18 million commuter passengers transported by Amtrak under contract with state or regional commuter authorities. The result of this growth in passenger miles has been an increase of revenues to $1.36 billion, up some 3.9 percent over last year. Revenues covered 79 percent of Amtrak's costs, the highest in the corporation's history. Given the weak national economy, this is an enviable achievement for a passenger transportation company.

* * *

NEW SERVICE AND FACILITIES

As the nation's sole provider of intercity rail passenger service, it is Amtrak's goal to add service wherever it can economically be justified. While the cost of equipment, capital improvements to the rail line, and potential operating losses, particularly on new routes, makes significant expansion of the Amtrak system financially unlikely at this time, a growing partnership with states willing to help fund new trains has enabled Amtrak to grow modestly each year. Already, over 40 daily trains are funded in part by states, and plans for additional service are proliferating. In California, a new multi-frequency rail service between Sacramento and San Jose will begin in December 1991. Two more Chicago-Milwaukee trains were added this past October and a second train in North Carolina is planned for next year. Several additional state-supported trains are under consideration.

One of the most important changes during the past year was completion of the Empire Connection in New York City, the first direct rail route between the Northeast Corridor and points north and west of New York City. In April, Amtrak trains to Albany and points beyond began operating directly out of New York Penn Station, eliminating Amtrak's Grand Central Terminal operations and the time-consuming cross-town transfers for passengers traveling to or from the Northeast Corridor. The consolidation of train operations in Penn Station represents a significant improvement for Amtrak's passengers. At the same time, it will reduce the operating costs associated with two New York City stations and boost revenues through improved ridership.

* * *

These and other station improvements reflect Amtrak's belief that train stations represent the front door of our business. They play a critical role in customer satisfaction and in the image Amtrak strive to project. As a result, Amtrak continues to work closely with states and communities to obtain

local funding for passenger station improvements. Over a dozen stations—including Lincoln, Neb., Carlinville, Ill., Montgomery, Ala., and Red Wing, Minn.—were renovated during the past year, funded primarily by states and local communities that want the traveler's first glimpse of their towns to be a positive one.

* * *

Of enormous long-term importance was the decision by Congress to fund continued improvements on the Northeast Corridor between New York and Boston to reduce travel time between the two cities to three hours or less. Completion of this project, scheduled for 1997, will mean 24 daily New York-Boston round-trip frequencies and some three million additional passengers each year. The service, which will operate with all new high-speed train equipment, is expected to generate important incremental profits that will improve Amtrak's bottom line.

Three hour service will further position the railroad to be the transportation mode of choice for travelers along the entire Washington-Boston Northeast Corridor.

DIVERSIFYING THE REVENUE STREAM

One important reason for Amtrak's growth during such a difficult time is its success in other revenue generating areas. Passenger revenues grew during 1991 at the rate of 3.6 percent and are approaching $1 billion for the first time in Amtrak's history. Of great importance, however, was growth of 4.6 percent in non-passenger revenues. Two key areas are generating significant revenues for Amtrak and represent superb growth opportunities for the future. The transportation of mail for the U.S. Postal Service grew dramatically, helped in part by national transportation priorities during the recent Desert Storm operation. Revenues grew to $43.6 million, an increase of 26 percent. With the acquisition of additional mail handling cars, Amtrak expects this area to generate close to

$100 million by the end of the decade. Moreover, potential mail revenues can provide the additional operating revenues necessary to initiate new rail passenger service. The reroute of the *Pioneer* through Wyoming was made possible by the potential for new mail business.

The operation of commuter services under contract for local, state or regional authorities is another high-growth opportunity for Amtrak. This area also has great symbolic significance, for each new commuter contract cements Amtrak's position as the rail passenger operator of choice. Amtrak's ability to successfully compete for the operation of new commuter and high-speed rail systems represents an important key to its future.

Amtrak carried some 18 miliion rail commuters under contract for the Boston area MBTA, Maryland MARC system, Connecticut DOT and Orange County, Calif., Transportation Commission. During the coming year, Amtrak will begin operation of the new Virginia Railway Express service between northern Virginia and Washington, and will compete for the contract to operate the San Jose-San Francisco Peninsula Commute Service in California.

One of Amtrak's most exciting achievements was the recent decision by Southern California Regional Rail Authority to award Amtrak a contract to operate an ambitious commuter network in the Los Angeles area. The commuter service is expected to grow significantly over the next decade as additional Los Angeles area commuter lines begin operation.

As the decade develops, Amtrak expects that revenues from real estate development, contract commuter operations, mail and express, and other revenue enhancement areas will continue to grow significantly. These activities will provide Amtrak with a cushion again yearly fluctuations in the national economy and travel market.

* * *

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITALIZATION

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

	Preferred stock	Common stock	Other paid-in capital	Accumulated deficit	Totals
Balance at September 30, 1989	$6,056,003	$93,857	$3,711,425	$(6,494,396)	$3,366,889
Issuance of preferred stock	560,411	—	—	—	560,411
Federal paid-in-capital	—	—	23,162	—	23,612
Federal and state capital payments	—	—	15,150	—	15,150
Net Loss	—	—	—	(703,415)	(703,415)
Balance at September 30, 1990	6,616,414	93,857	3,750,187	(7,197,811)	3,262,647
Issuance of preferred stock	529,375	—	—	—	529,375
Federal paid-in capital	—	—	180,689	—	180,689
Federal and state capital payments	—	—	22,445	—	22,445
Net loss	—	—	—	(721,588)	(721,588)
Balance at September 30, 1991	**$7,145,789**	**$93,857**	**$3,953,321**	**($7,919,399)**	**$3,273,568**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

National Railroad Corporation and Subsidiaries (Amtrak)
For the Years Ended September 30, 1991 and 1990

Summary of Significant Accounting Policies

Note 1.

PRINCIPLES OF CONSOLIDATION

The financial statements reflect the consolidated operations of the National Railroad Passenger Corporation and its wholly-owned subsidiaries, Chicago Union Station Company (CUS) and Washington Terminal Company. All significant intercompany transactions have been eliminated. Certain reclassifications have been made to the prior year's statements to conform with the 1991 presentation.

PASSENGER RELATED REVENUE

Passenger fares are recognized as operating revenues when the related transportation services are furnished. Tickets which have been sold but not used are presented as "Deferred ticket revenue" in the Consolidated Balance Sheets.

CONTRACTED SERVICES

The Consolidated Statements of Operations include the gross revenues earned and expenses incurred under arrangements to operate various commuter rail services, to provide access to the Northeast Corridor and other Amtrak-owned facilities, and to perform services for freight railroads.

CASH EQUIVALENTS AND SHORT-TERM CASH INVESTMENTS

Amtrak considers all financial instruments purchased having a maturity of three months or less to be cash equivalents.

Those financial instruments purchased with a maturity of over three months, and which mature not more than one year from the Consolidated Balance Sheet date, are classified as short-term cash investments. Approximately $6,400,000 of the cash and cash equivalents balance at September 30, 1991 is restricted for repair or acquisition of capital equipment.

PROPERTY AND DEPRECIATION

Property and equipment are stated at cost, and are depreciated using the composite straight-line method over their estimated useful lives. Certain major items of property acquired through capital lease agreements are recorded as assets and are amortized over the shorter of their estimated useful lives or the lease term.

CASUALTY LOSSES

Provision is made for Amtrak's portion of the estimated liability for unsettled casualty and accident claims. The current portion of this liability is included in the Consolidated Balance Sheets under "Accrued expenses and other current liabilities." The non-current portion is classified as "Casualty reserves." As a September 30, 1991 and 1990, the current claims liability included in accrued expenses and other current liabilities was $51,100,000 and $49,800,000, respectively.

Federal and State Funding

Note 2.

Funds are provided to Amtrak through federal and state payments for operations and for capital acquisitions and improvements. For funds received from the federal government, Section 304 of the Rail Passenger Service Act (45 U.S.C. 544) requires Amtrak to issue to the United States Secretary of Transportation preferred stock equal in par value to all federal operating payments and most federal capital

payments received subsequent to October 1, 1981, as well as capital and certain operating payments received prior to that date. Public Law 102-143, approved on October 28, 1991, provides $711,000,000 in federal funds to Amtrak for fiscal year 1992, of which $331,000,000 is for operating purposes, and the balance for capital acquisitions and improvements.

Federal paid-in-capital, included in the Consolidated Statements of Changes in Capitalization, includes certain funding received from the federal government to finance acquisition of and improvements to property and equipment. In exchange for past and prospective funding, Amtrak issued two promissory notes to the United States. The first note matures on November 1, 2082, with successive 99-year renewal terms, and is secured by certain Amtrak rolling stock. The second note matures on December 31, 2975, and is secured by Amtrak's real property. Neither of the notes bears interest, unless prepaid (which Amtrak does not intend to do). The federal government's security interest in Amtrak's real property and certain rolling stock entitles it to repayment plus interest in the event Amtrak ceases operations, is acquired by another entity, or seeks relief under bankruptcy or insolvency laws.

Federal paid-in capital also includes payments made on Amtrak's behalf by the Federal Railroad Administration (FRA). During the year ended September 30, 1991, the FRA deposited $144,798,000 with the Internal Revenue Service in payment of Amtrak's excess Railroad Retirement Tax Act tax liabilities, excess Railroad Unemployment Repayment Tax payments, and excess Railroad Unemployment Insurance Act payments. Deposits relating to excess tax liabilities are authorized by the Mandatory Passenger Rail Service Payments Provisions of the Fiscal Year 1991 Department of Transportation and Related Agencies Appropriation Act.

Preferred and Common Stock

Note 3.

At September 30, 1991, 73,100,000 shares of $100 par value preferred stock were authorized, of which 71,457,895 shares were issued and outstanding. On October 23, 1991, 433,310 shares of preferred stock were issued at par value, increasing the total number of shares issued and outstanding to 71,891,205. At September 30, 1990, 73,100,000 shares were authorized, of which 66,164,139 shares were issued and outstanding. All issued and outstanding preferred shares are held by the Secretary of Transportation for the benefit of the federal government. Dividends are to be fixed at a rate not less than 6% per annum and are cumulative so that no dividends may be paid on the common shares prior to the payment of all accrued but unpaid dividends on the preferred shares. No dividends have been declared. The preferred stockholder is also entitled to a liquidation preference over common shares involving a payment of not less than par value plus all accrued unpaid dividends. Each share of preferred stock is convertible into 10 shares of common stock at the option of the preferred stockholder.

At September 30, 1991 and 1990, 10,000,000 shares of $10 par value common stock were authorized, of which 9,385,694 shares were issued and outstanding.

* * *

PLAINTIFF'S EXHIBIT 11

REAL PROPERTY IDENTIFICATION DOCUMENT

THE FOLLOWING REAL PROPERTY IS IDENTIFIED FOR CONVEYANCE

FROM

PENNSYLVANIA TUNNEL AND TERMINAL RAILROAD COMPANY

a corporation organized and existing under the laws of the States of New Jersey and New York, ("Transferor"), whose address is
6 Penn Center Plaza
Philadelphia, Pennsylvania 19104

TO

CONSOLIDATED RAIL CORPORATION,

a corporation organized and existing under the laws of the Commonwealth of Pennsylvania ("Transferee"), whose address is 1818 Market Street, Philadelphia, Pennsylvania 19103

A. All of the Transferor's right, title and interest, legal and equitable, in and to the real property located in the County of New York, State of New York as described in Exhibit A attached to this Real Property Identification Document ("Document") as a part hereof, together with all of the appurtenances, hereditaments, franchises, ways, waters, minerals, rights, privileges, improvements, fixtures, licenses, leaseholds, reversions, easements, rights under operating, trackage and joint facility agreements, rents, issues, profits, and other interests and items belonging to or in any way appertaining to such real property, including but not limited to all real property items that would properly be recorded in Accounts 1 through 45 and 90 of the Property Accounts prescribed by the

Interstate Commerce Commission for Railroad Companies in its Uniform System of Accounts, 49 C.F.R. Part 1201, to the extent that such interests and items belong or in any way appertain to such real property, except as those interests and items belong or appertain to the real property hereinafter reserved and excepted.

B. 1. The easements and rights to use, operate, maintain, repair, renew, replace and remove on, under, over and across the real property hereinafter reserved and excepted ("Transferor's Burdened Property"), any and all lines, poles, pipes, appliances, equipment, structures, facilities and appurtenances (each an "Easement Item") existing on and used or useful as of the date of conveyance ("Conveyance Date") prescribed by the Conveyance Order entered pursuant to Section 303(b)(1) of the Regional Rail Reorganization Act of 1973, as amended ("Act") by the Special United States District Court established pursuant to Section 209 (b) of the Act ("Special Court"), as a part of any railroad communication, signal or interlocker system or as a part of any electric, telephone, telegraph, water, gas, steam, sanitary sewer, storm sewer or other utility system, together with the easement of reasonable access over the Transferor's Burdened Property to permit the exercise of the foregoing easements and rights, and the easement for lateral support of the real property identified for conveyance in this Document.

2. The easements and rights for the specific uses, if any, (each an "Easement Item") particularly described in Exhibit B attached to this Document as a part hereof and burdening certain real property hereinafter reserved and excepted.

3. The easements and rights described in Paragraphs B.1. and B.2. shall be subject to the following terms and conditions:

(a) The Transferee shall give the Transferor reasonable notice before entering on the Transferor's Burdened Property to exercise the easements and rights described in this Paragraph B, and shall exercise such easements and

rights (i) so as not to interfere unreasonably with the use and enjoyment of the Transferor's Burdened Property, (ii) in compliance with generally applicable reasonable requirements established from time to time by the Transferor and (iii) so as not to increase materially the burden on the Transferor's Burdened Property existing on the Conveyance Date. The Transferee shall indemnify and save the Transferor's harmless from any loss, damage or expense arising from the exercise of the foregoing easements and rights, without regard to negligence on the part of the Transferor or the Transferee. Upon request of and at the expense of the Transferor, the Transferee shall execute and deliver to the Transferor a deed or other instrument releasing the Transferee's rights in any part of the Transferor's Burdened Property that is not used or reasonably needed by the Transferee in the exercise of the easements and rights described in this paragraph B.

(b) If the location of any Easement Item would interfere with any proposed use or sale of any part of the Transferor's Burdened Property, the Transferor may, at the Transferor's expense and after obtaining the Transferee's written consent, relocate the interfering Easement Item or cause the same to be relocated. Such consent will be granted unless (i) the Easement Item cannot be relocated as proposed by the Transferor without unreasonable interference to the Transferee's operations or without damage to the integrity of the system of which the Easement Item is a part or (ii) the Transferee will not have reasonable access to the relocated Easement Item. If the transferee has previously released its easements and rights in any real property as provided in Paragraph B.3.a. and a relocated Easement Item falls, in whole or in part, within the area that has been so released, the Transferor and the Transferee shall exchange the following instruments promptly after the relocation is completed:

(i) The Transferor shall execute and deliver to the Transferee a supplementary deed of easement which con-

veys to the Transferee with respect to the relocated Easement Item the easements and rights described in this Paragraph B.

(ii) The Transferee shall execute and deliver to the Transferor a deed or other instrument of release as provided in Paragraph B.3.a.

(c) The Transferor shall bear all expenses and the cost of all transfer and recording taxes, fees and charges in connection with all deeds and other instruments delivered pursuant to this Paragraph B.

RESERVING AND EXCEPTING, HOWEVER, TO THE TRANSFEROR:

C. All the respective right, title and interest of the Transferor, legal and equitable, in and to the real property described in Exhibit B attached to this Document as a part hereof, but subject, however, to (a) the limitation of access thereto across the real property identified for conveyance in this Document as hereinafter provided and (b) the easements and rights identified for conveyance in Paragraph B above.

D. 1. The easements and rights to use, operate, maintain, repair, renew, replace and remove on, under, over and across the real property identified for conveyance in this document ("Transferee's Burdened Property"), any and all lines, poles, pipes, appliances, equipment, structures, facilities and appurtenances (each an "Easement Item") existing on and used or useful as of the Conveyance Date as a part of any railroad communication, signal or interlocker system or as a part of any electric, telephone, telegraph, water, gas, steam, sanitary sewer, storm sewer or other utility system, together with the easement of reasonable access over the Transferee's Burdened Property to permit the exercise of the foregoing easements and rights, and the easement for lateral support of the real property reserved and excepted in Paragraph C above.

2. The easements and rights for the specific uses, if any, (each an "Easement Item") particularly described in Exhibit B to this Document and burdening certain real property identified for conveyance in this Document.

3. The easements and rights described in Paragraphs D.1. and D.2. shall be subject to the following terms and conditions:

(a) The Transferor shall give the Transferee reasonable notice before entering on the Transferee's Burdened Property to exercise the easements and rights reserved and excepted in this Paragraph D, and shall exercise such easements and rights (i) so as not to interfere unreasonably with the use and enjoyment of the Transferee's Burdened Property, (ii) in compliance with generally applicable reasonable requirements established from time to time by the Transferee and (iii) so as not to increase materially the burden on the Transferee's Burdened Property existing on the Conveyance Date. The Transferor shall indemnify and save the Transferee harmless from any loss, damage or expense arising from the exercise of the foregoing easements and rights, without regard to negligence on the part of the Transferee or the Transferor. Upon request of and at the expense of the Transferee, the Transferor shall execute and deliver to the Transferee a deed or other instrument releasing the Transferor's rights in any part of the Transferee's Burdened Property that is not used or reasonably needed by the Transferor in the exercise of the easements and rights described in this paragraph D.

(b) If the location of any Easement Item would interfere with any proposed use or sale of any part of the Transferee's Burdened Property, the Transferee may, at the Transferee's expense and after obtaining the Transferor's written consent, relocate the interfering Easement Item or cause the same to be relocated. Such consent will be granted unless (i) the Easement Item cannot be relocated as proposed by the Transferee without unreasonable interfer-

ence to the Transferor's operations or without damage to the integrity of the system of which the Easement Item is a part or (ii) the Transferor will not have reasonable access to the relocated Easement Item. If the Transferor has previously released its easements and rights in any real property as provided in Paragraph D.3.a. and a relocated Easement Item falls, in whole or in part, within the area that has been so released, the Transferee and the Transferor shall exchange the following instruments promptly after the relocation is completed:

(i) The Transferee shall execute and deliver to the Transferor a supplementary deed of easement which conveys to the Transferor with respect to the relocated Easement Item the easements and rights described in this Paragraph D.

(ii) The Transferor shall execute and deliver to the Transferee a deed or other instrument of release as provided in Paragraph D.3.a.

(c) The Transferee shall bear all expenses and the cost of all transfer and recording taxes, fees and charges in connection with all deeds and other instruments delivered pursuant to this Paragraph D.

E. All mineral rights owned by the Transferor in any parcel as to which an interest in the surface is not identified for conveyance in this Document.

THE REAL PROPERTY AND THE EASEMENTS AND RIGHTS IDENTIFIED FOR CONVEYANCE in this Document shall be had and held by the Transferee free and clear of (a) any liens or encumbrances as provided in Section 303(b) of the Act and (b) any and all easements and rights of access to the real property identified in this Document as reserved and excepted from conveyance across the real property identified for conveyance in this Document (except as otherwise provided in this Document), even if such easements and rights would otherwise arise by reason of necessity, implication or other operation or law, statute, ordinance, rule or regulation of any governmental entity, BUT SUBJECT, HOWEVER, to (i) those easements and rights reserved and excepted in Paragraph D above, (ii) all existing licenses, easements, leases (other than those which may have been created to secure payment of a financial obligation), and operating, trackage right and joint facility agreements and (iii) the conveyance of operating rights, if any, from the Transferor to a third party effected concurrently with the conveyance of the real property identified for conveyance in this Document and identified in Exhibit B to this Document.

The words "Transferor" and "Transferee" used herein shall be construed as if they read "Transferors" and "Transferees," respectively, whenever the sense of this Document so requires and, whether singular or plural, such words shall be deemed to include in all cases the successors and assigns of the persons designated.

All of the convenants of the Transferor and the Transferee, respectively, shall be deemed to be real convenants and shall run with the land.

EXHIBIT A

TO THE REAL PROPERTY IDENTIFICATION DOCUMENT

FROM

PENNSYLVANIA TUNNEL AND TERMINAL RAILROAD COMPANY

TO

CONSOLIDATED RAIL CORPORATION

DESCRIPTION OF REAL PROPERTY LOCATED IN

County of New York, State of New York

For the purpose of each description contained in this Exhibit A (and solely by way of illustration and not by way of omitting the generality of the term "adjacent"), adjacency shall be deemed to exist without regard to the existence of any public or private street, highway, alley, or other way between one part of the Transferor's real property and another.

This Exhibit A consists of pages A-1 through A-3 inclusive.

Situate in the County of New York, State of New York, and being the Pennsylvania Tunnel and Terminal Railroad Company's line of railroad known as the Penn Central New York-Philadelphia Main Line and being all the real property in the County lying in, under, above, along, contiguous to, adjacent to or connecting to such line.

Such line originates in the County at Penn Station, connecting to another line of railroad known as the Hell Gate

Line and leaves the County in the Hudson River Tunnel at the New York-New Jersey State Line.

The line of railroad described herein is identified as Line Code 1041A in the records of the United States Railway Association.

Situate in the County of New York, State of New York, and being the Pennsylvania Tunnel and Terminal Railroad Company's line of railroad known as the Penn Central Hell Gate Line and being all the real property in the County lying in, under, above, along, contiguous to, adjacent to or connecting to such line.

Such line originates in the County at Penn Station, connecting to another line of railroad known as the New York-Philadelphia Main Line, passes through the tunnel and leaves the County near the East River Crossing to Queens.

The line of railroad described herein is identified as Line Code 1411 in the records of the United States Railway Association.

* * *

PLAINTIFF'S EXHIBIT 12

DEED

THIS DEED IS MADE BY AND BETWEEN

CONSOLIDATED RAIL CORPORATION

("Grantor"), a Pennsylvania corporation
whose address is Six Penn Center,
Philadelphia, Pennsylvania 19104

AND

NATIONAL RAILROAD PASSENGER CORPORATION

("Grantee"), a District of Columbia corporation,
whose address is 955 L'Enfant Plaza, S.W.
Washington, D. C. 20024

Whereas, pursuant to the Regional Rail Reorganization Act of 1973 (Public Law 93-236, 87 Stat. 985) as amended ("Act") and the Final System Plan, the United States Railway Association ("USRA"), pursuant to Section 209(c) of the Act, has certified to the Special United States District Court established pursuant to Section 209(b) of the Act ("Special Court") and pursuant to a certain Agreement of Purchase dated March 31, 1976 between Grantor and Grantee, the Grantor, for consideration paid, hereby grants and conveys to the Grantee:

A. All of the Grantor's right, title and interest, legal and equitable, in and to the real property located in the County of New York in the State of New York as described in Exhibit A attached to this Deed as a part hereof, together with all of the appurtenances, hereditaments, franchises, ways, waters, minerals, rights, privileges, improvements, fixtures, licenses, leaseholds, reversions, easements, rights under operating, trackage and joint facility agreements, rents, issues, profits and other interests and items belonging to or in any way appertaining to such real property, including (without limitation) the same easements and rights with respect to the real property reserved and excepted from the conveyance to

Grantor by Grantor's immediate predecessor in title as Grantor received with respect thereto under said conveyance, as well as all real property items that would properly be recorded in Accounts 1 through 45 and 90 of the Property Accounts prescribed by the Interstate Commerce Commission for Railroad Companies in its Uniform System of Accounts, 49 C.F.R. Part 1201, to the extent that such interests and items belong or in any way appertain to such real property, except as those interests and items belong or appertain to the real property hereinafter reserved and excepted.

B.1. The easements and rights to use, operate, maintain, repair, renew, replace and remove on, under, over and across the real property conveyed to Grantor pursuant to the Act but not conveyed to Grantee hereby ("Grantor's Burdened Property"), any and all lines, poles, pipes, appliances, equipment, structures, facilities and appurtenances (each an "Easement Item") existing on and used or useful as of the date of delivery of this Deed as a part of any railroad communication, signal or interlocker system or as a part of any electric, telephone, telegraph, water, gas, steam, sanitary sewer, storm sewer or other utility system, together with the easement of reasonable access over the Grantor's Burdened Property to permit the exercise of the foregoing easements and rights, and the easement for lateral support of the real property conveyed by this Deed.

2. The easements and rights for the specific uses, if any, (each an "Easement Item") particularly described in Exhibit B attached to this Deed as a part hereof, if any, and burdening a certain portion of Grantor's Burdened Property.

3. The Grantee shall give the Grantor reasonable notice before entering on the Grantor's Burdened Property to exercise the easements and rights granted in this Paragraph B, and shall exercise such easements and rights (a) so as not to interfere unreasonably with the use and enjoyment of the Grantor's Burdened Property, (b) in compliance with generally applicable reasonable requirements established from time to time by the Grantor and (c) so as not to increase materially the bur-

den on the Grantor's Burdened Property existing on the date of delivery of this Deed. The Grantee shall indemnify and save the Grantor harmless from any loss, damage or expense arising from the exercise of the foregoing easements and rights, without regard to negligence on the part of the Grantor or the Grantee. Upon request of and at the expense of the Grantor, the Grantee shall execute and deliver to the Grantor a deed or other instrument releasing the Grantee's rights in any part of the Grantor's Burdened Property that is not used or reasonably needed by the Grantee in the exercise of the easements and rights conveyed in this Paragraph B.

4. If the location of any Easement Item would interfere with any proposed use or sale of any part of the Grantor's Burdened Property, the Grantor may, at the Grantor's expense and after obtaining the Grantee's written consent, relocate the interfering Easement Item or cause the same to be relocated. Such consent will be granted unless (a) the Easement Item cannot be relocated as proposed by the Grantor without unreasonable interference to the Grantee's operations or without damage to the integrity of the system of which the Easement Item is a part or (b) the Grantee will not have reasonable access to the relocated Easement Item. If the Grantee has previously released its easements and rights in any real property as provided in Paragraph B.3. and a relocated Easement Item falls, in whole or in part, within the area that has been so released, the Grantor and the Grantee shall exchange the following instruments promptly after the relocation is completed:

(a) The Grantor shall execute and deliver to the Grantee a supplementary deed of easement which conveys to the Grantee with respect to the relocated Easement Item the easements and rights described in this Paragraph B.

(b) The Grantee shall execute and deliver to the Grantor a deed or other instrument of release as provided in Paragraph B.3.

5. The Grantor shall bear all expenses and the cost of all transfer and recording taxes, fees and charges in connection

with all deeds and other instruments delivered pursuant to this Paragraph B.

RESERVING AND EXCEPTING, HOWEVER, TO THE GRANTOR:

C. All the respective right, title and interest of the Grantor, legal and equitable, in and to the real property described in Exhibit B attached to this Deed as a part hereof, if any, but subject, however, to the easements and rights conveyed pursuant to Paragraph B above.

D.1. The easements and rights to use, operate, maintain, repair, renew, replace and remove on, under, over and across the real property conveyed by this Deed ("Grantee's Burdened Property"), any and all lines, poles, pipes, appliances, equipment, structures, facilities and appurtenances (each an "Easement Item") existing on and used or useful as of the date of delivery of this Deed as a part of any railroad communication, signal or interlocker system or as a part of any electric, telephone, telegraph, water, gas, steam, sanitary sewer, storm sewer or other utility system, together with the easement of reasonable access over the Grantee's Burdened Property to permit the exercise of the foregoing easements and rights, and the easement for lateral support of the real property reserved and excepted from this conveyance.

2. The easements and rights for the specific uses, if any, (each an "Easement Item") particularly described in Exhibit B to this Deed, if any, and burdening certain real property conveyed by this Deed.

3. The Grantor shall give the Grantee reasonable notice before entering on the Grantee's Burdened Property to exercise the easements and rights reserved and excepted in this Paragraph D, and shall exercise such easements and rights (a) so as not to interfere unreasonably with the use and enjoyment of the Grantee's Burdened Property, (b) in compliance with generally applicable reasonable requirements established from time to time by the Grantee and (c) so as not to increase

materially the burden on the Grantee's Burdened Property existing on the date of delivery of this Deed. The Grantor shall indemnify and save the Grantee harmless from any loss, damage or expense arising from the exercise of the foregoing easements and rights, without regard to negligence on the part of the Grantee or the Grantor. Upon request of and at the expense of the Grantee, the Grantor shall execute and deliver to the Grantee a deed or other instrument releasing the Grantor's rights in any part of the Grantee's Burdened Property that is not used or reasonably needed by the Grantor in the exercise of the easements and rights reserved and excepted in this Paragraph D.

4. If the location of any Easement Item would interfere with any proposed use or sale of any part of the Grantee's Burdened Property, the Grantee may, at the Grantee's expense and after obtaining the Grantor's written consent, relocate the interfering Easement Item or cause the same to be relocated. Such consent will be granted unless (a) the Easement Item cannot be relocated as proposed by the Grantee without unreasonable interference to the Grantor's operations or without damage to the integrity of the system of which the Easement Item is a part or (b) the Grantor will not have reasonable access to the relocated Easement Item. If the Grantor has previously released its easements and rights in any real property as provided in Paragraph D.3. and a relocated Easement Item falls, in whole or in part, within the area that has been so released, the Grantor and the Grantee shall exchange the following instruments promptly after the relocation is completed:

(a) The Grantee shall execute and deliver to the Grantor a supplementary deed of easement which conveys to the Grantor with respect to the relocated Easement Item the easements and rights described in this Paragraph D.

(b) The Grantor shall execute and deliver to the Grantee a deed or other instrument of release as provided in Paragraph D.3.

5. The Grantee shall bear all expenses and the cost of all transfer and recording taxes, fees and charges in connection with all deeds and other instruments delivered pursuant to this Paragraph D.

E. The easements and rights described in Exhibit C to this Deed and burdening all of the real property conveyed by this Deed.

F. All mineral rights owned by the Grantor in any parcel as to which an interest in the surface is not conveyed by this Deed.

TO HAVE AND TO HOLD the real property and the easements and rights hereby conveyed to the Grantee, free and clear of any liens and encumbrances insofar as said real property, easements and rights were conveyed to Grantor so free and clear by Grantor's immediate predecessor in title or interest therein, BUT SUBJECT, HOWEVER, to (i) those easements and rights reserved and excepted pursuant to Paragraphs D and E, (ii) all existing licenses, easements, leases (other than those which may have been created to secure payment of a financial obligation), and operating, trackage right and joint facility agreements, including (without limitation) the easements, rights and benefits reserved by Grantor's predecessor in title, (iii) Operating Rights Grants, if any, from the Grantor to a third party conveyed pursuant to the Act and identified in Exhibit B to this Deed; and (iv) the obligation of the Grantee to use, operate, maintain and repair the real property conveyed by this Deed so as to permit the Grantor freely to exercise the Freight Service Easement and the Commuter Passenger Service Easement described in Exhibit C.

The Grantor hereby covenants that the Grantor will perform, execute, acknowledge and deliver any and all such further acts, deeds, assignments and other instruments as may be reasonably requested by the Grantee to convey, confirm, clarify, identify or more precisely describe the real property and the easements and rights conveyed by this Deed or intended so to be in order to carry out the intent of this Deed in light of the designations contained in the Final System Plan which has

been certified to the Special Court by the United States Railway Association pursuant to the Act and in light of the Agreement of Purchase between the Grantor and Grantee bearing the same date hereof, and to effect the recordation of, or otherwise perfect, this Deed and all such other deeds, assignments and instruments under any applicable statute, ordinance, rule or regulation.

The Grantee hereby covenants that the Grantee will perform, execute, acknowledge and deliver any and all such further acts, deeds, assignments and other instruments as may be reasonably requested by the Grantor to confirm, clarify, identify or more precisely describe the real property and the easements and rights reserved and excepted from this conveyance or intended so to be in order to carry out the intent of this Deed in light of the designations contained in such Final System Plan and in light of the Agreement of Purchase between the Grantor and Grantee bearing the same date hereof, and to effect the recordation of, or otherwise perfect, this Deed and all such other deeds, assignments and instruments under any applicable statute, ordinance, rule or regulation.

By acceptance of this Deed, the Grantee (a) agrees to perform each of the obligations imposed on the Grantee by the terms of this Deed, and (b) assumes and agrees to perform and observe all obligations and conditions on the part of the Grantor or the Grantor's predecessor in title to be performed or observed that arise or accrue after the date of delivery of this Deed under all licenses, easements, leases (other than those which may have been created to secure payment of a financial obligation) and operating, trackage right and joint facility agreements (subject, however, to the terms thereof) which are conveyed by this Deed and under those to which this conveyance is made subject, provided that the Grantee assumes no obligation or liability that arises after the date of delivery of this Deed out of any event, act or failure to act that occurred prior thereto and, where an obligation or liability is related to a period which is both before and after such

date, the Grantee assumes only that portion of the obligation or liability which is reasonably allocable to the part of the period after such date. Concurrently with the delivery of this Deed, the Grantee is delivering to the Grantor a separate instrument executed by the Grantee acknowledging receipt and acceptance of this Deed and affirming the provisions of this paragraph.

All of the covenants of the Grantor and the Grantee, respectively, shall be deemed to be real covenants and shall run with the land.

The words "Grantor" and "Grantee" used herein shall be construed as if they read "Grantors" and "Grantees", respectively, whenever the sense of this Deed so requires and, whether singular or plural, such words shall be deemed to include in all cases the successors and assigns of the respective parties.

IN WITNESS WHEREOF, Grantor has caused this Deed to be executed this 1st day of April, 1976 in its corporate name by Miller Heath, its Assistant Vice-President, attested to by [ILLEGIBLE], its Assistant Secretary, and its corporate seal to be hereunto affixed, and does hereby appoint said Miller Heath, its Assistant Vice-President, its true and lawful attorney-in-fact for it and in its name to acknowledge and deliver this Deed as its act and deed.

CONSOLIDATED RAIL CORPORATION

By: /s/ MILLER HEATH
Assistant Vice-President

Attest: /s/ [ILLEGIBLE]
Assistant Secretary

[CORPORATE SEAL]

ACKNOWLEDGMENT:

DISTRICT OF COLUMBIA, ss:

I, Richard E. Rankin, Jr., a Notary Public of said District, do certify that on this 1st day of April, 1976 before me personally appeared Miller Heath, who, being first by me duly sworn, did depose and acknowledge himself to be an Assistant Vice-President of Consolidated Rail Corporation, a corporation, and that he, as an Assistant Vice-President, being authorized so to do by order of its Board of Directors, executed the foregoing Deed for the purposes therein contained by signing the name of the corporation by himself as an Assistant Vice-President, that he knows the seal of said corporation, that the seal affixed to said Deed is such corporate seal, and that it was so affixed by order of the Board of Directors of said Corporation.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and date first hereinabove written.

My commission expires on September 30, 1980.

/s/ Richard E. Rankin, Jr.
Notary Public

EXHIBIT A

TO THE DEED BY AND BETWEEN

CONSOLIDATED RAIL CORPORATION

AND

NATIONAL RAILROAD PASSENGER CORPORATION

DESCRIPTION OF REAL PROPERTY

LOCATED IN

County of New York

State of New York

For the purpose of each description contained in this Exhibit A (and solely by way of illustration and not by way of limiting the generality of the term "adjacent"), adjacency shall be deemed to exist without regard to the existence of any public or private street, highway, alley or other way between one part of the Grantor's real property and another.

For the Grantor's title to the property conveyed by this Deed reference is made to conveyance to the Grantor from the Pennsylvania Tunnel & Terminal Railroad Company by order of the Special Court, recorded, prior to the recording of this Deed, with the recording office of the above specified jurisdiction.

This Exhibit A consists of pages A-1 through A-3 inclusive.

Situate in the County of New York, State of New York, and being the Pennsylvania Tunnel and Terminal Railroad Company's line of railroad known as the Penn Central New York-Philadelphia Main Line and being all the real property in the County lying in, under, above, along, contiguous to, adjacent to or connecting to such line.

Such line originates in the County at Penn Station, connecting to another line of railroad known as the Hell Gate Line and leaves the County in the Hudson River Tunnel at the New York-New Jersey State Line.

The line of railroad described herein is identified as Line Code 1401A in the records of the United States Railway Association.

Situate in the County of New York, State of New York, and being the Pennsylvania Tunnel and Terminal Railroad Company's line of railroad known as the Penn Central Hell Gate Line and being all the real property in the County lying in, under, above, along, contiguous to, adjacent to or connecting to such line.

Such line originates in the County at Penn Station, connecting to another line of railroad known as the New York-Philadelphia Main Line, passes through the tunnel and leaves the County near the East River Crossing to Queens.

The line of railroad described herein is identified as Line Code 1411 in the records of the United States Railway Association.

* * *

PLAINTIFF'S EXHIBIT 18

This Agreement made the 25th day of May, One thousand nine hundred and sixty-seven (1967), between THE PENNSYLVANIA RAILROAD COMPANY, Lessee of the works and property of The Pennsylvania Tunnel and Terminal Railroad Company, hereinafter called Licensor, of the one part, and TRANSPORTATION DISPLAYS, INC., a Corporation of the State of New York, with address: 17 East 45th Street, New York, New York 10017, hereinafter called Licensee, of the other part;

Witnesseth, that Licensor, for and in consideration of the payments, covenants and agreements hereinafter mentioned, stipulated and contained, on the part of Licensee to be paid, kept and performed does hereby permit the Licensee to construct and maintain, at Licensee's own cost and expense, an advertising spectacular display for sale to advertisers, being 100 feet in length by 10 feet in width situate over Licensor's ticket counter located on the west side of the Ticket Concourse of Licensor's Pennsylvania Station situate between Eighth and Seventh Avenue, 31st to 33rd Streets, in the Borough of Manhattan, City, County and State of New York.

Term. This agreement and the said privilege shall commence on the FIRST day of JANUARY 1967, and continue thereafter for the term of three (3) years ending December 31, 1969 (unless sooner terminated as hereinafter provided at and for the compensation hereinafter provided.

Electric current and ventilation. Licensor will supply electric current for Licensee's use and ventilation to exhaust the heat generated by the illumination of said ventilation advertising spectacular. Licensee agrees that Licensor shall not be liable for any failure to supply electric current and ventilation not due to gross negligence on its part. In the event, however, of any power failure wherein Licensee

is obligated to allow Advertiser a credit against rent or cost of power consumed, than Licensor will extend the same credit to Licensee.

Definition

For all purposes of this Agreement, the term "space" shall be defined to mean the advertising and the area occupied thereby. Licensee hereby covenants and agrees to and with Licensor as follows:

Rent

1. That commencing April 1, 1967 Licensee shall pay to Licensor for the privilege herein conferred the sum of money, which shall be equal to sixty percentum (60%) of the gross receipts derived from advertising displayed on said spectacular, less agency commissions, cash discounts, or fees paid to collection agencies, but no commission of any kind to parent, subsidiary, or affiliated company. Licensee shall furnish Licensor on or before the 15th day of each month a true and correct statement of the gross receipts derived from advertising under the rights and privileges herein granted during the preceding calendar month, and shall on or before the said 15th pay unto Licensor the amount or amounts to which Licensor is entitled under the foregoing provisions of this agreement. It is understood and agreed that all such payments will be due and payable on a monthly basis as aforesaid. All statements and payments shall be addressed to Licensor's Agent: P.C. Box 8333, Philadelphia, Pennsylvania, or at such other place Licensor may designate from time to time.

Additional Rent

That Licensee further covenants and agrees to pay to the Licensor, as additional rental for the electric current and ventilation furnished, a sum of $540.00 per month commencing January 1, 1967; said sum to be paid in advance, on the

first day of each and every month during the continuance of this agreement at the said office of Licensor's Agent.

Licensee to Pay Taxes to Excesses etc.

2. That Licensee shall and will pay any and all taxes (exclusive of income or profits taxes payable by Licensor) assessed against the business and receipts of Licensee.

Covenant to Pay Compensation

3. Licensee will pay the amounts of money herein specified at the times and in the manner herein provided, and all damages, costs and charges in this agreement provided for, and in case of non-payment thereof, or in case the said space shall be deserted or vacated during the continuance of the agreement, Licensor may occupy the same, either by force or otherwise, without being liable to any prosecution or action therefor, and may proceed according to law for the collection of the amount of money due, and also for all damages, costs and charges in this agreement mentioned and provided for, with the same force and effect as if the same were a proceeding for rent in arrear. If Licensee,

Re-entry and Collection by Legal Proceedings

at any time during the continuance of this agreement, shall attempt to remove or manifest an intention to remove the goods and chattels from the said pace without first having paid and satisfied Licensor in full for all sums of money which shall have become due, or if Licensee becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or is sold out by any sale under process of law, then and in such cases Licensor shall be first paid out of the proceeds of such assignment or sale, or Licensor may proceed according to law to collect the same, any law, usage or custom to the contrary notwithstanding.

Licensee to Maintain Premises and Furnishings etc.

4. That Licensee shall and will keep the said space and the furniture, furnishings, fixtures and equipment in constant good order, repair and condition, satisfactory to Licensor, including the replacement of lamps and broken glass, during the continuance of this agreement, and upon the termination thereof, peaceably deliver to Licensor possession of the said space in like good order, repair and condition, reasonable wear and tear and damage by fire and other casualties, not occurring through Licensee's negligence, excepted. Licensee further agrees that upon the termination of this agreement, Licensee shall and will, at Licensee's sole cost and expense, remove from the said space all furniture, furnishings, fixtures and equipment, goods and property owned by it and restore the space to a condition satisfactory to Licensor; in case Licensee shall neglect or refuse so to do Licensor shall have the right forthwith to make such removal and restoration at the cost and expense of Licensee, which cost and expense Licensee hereby expressly agrees to pay on demand, and Licensee hereby authorizes Licensor so to do, without being liable to Licensee or to any other person or persons, corporation or corporations, for any damage or compensation or to any suit or action for or on account of the same.

Removal Provisions

Use and Covenant Against Assignment deal Sub-letting

5. Not (under penalty of forfeiture of this agreement) to use or occupy the said space for any other purpose whatsoever than as aforesaid; and not to assign or transfer this agreement, in whole or in part, nor underlet or permit the use and by any other person or persons, corporation or corporations of the said space, or any part thereof, without the written consent of Licensor having been first obtained; or occupy or permit

the same to be occupied or used for any purpose deemed extra-hazardous on account of fire or otherwise, whereby or in consequence whereof the conditions or stipulations of the policy or policies of fire or other insurance on the building of which the said space is part may become voided or suspended, and will at Licensee's cost and expense comply with the rules, regulations and requirements (except structural alterations) of the local Board of Fire Underwriters and will allow Licensor's Insurance Department Inspectors to periodically inspect the said space when making fire inspection of the building of which the same is part.

To Keep Premises Clean

6. To keep the said space in clean and sanitary condition, including cleaning of floors, windows and lighting fixtures, and will cause all dirt, rubbish and other refuse matter to be carefully collected and promptly disposed of in a manner satisfactory to Licensor.* (See Below).

Laws, Orders Rules and Regulations

7. To comply, at Licensee's sole cost and expense, with Federal, State and Municipal laws laws, orders, rules and regulations.

Licensee to Keep Accounts and Permit Inspection Thereof

8. To keep such accounts of the business conducted and transacted upon the said space as Licensor may request, and permit the duly accredited representatives of Licensor to examine the same at any and all times for the purpose of ascertaining the actual amount of the gross receipts, expenditures and charges in connection with the business conducted by Licensee in the

* The removal of said dirt, rubbish and other refuse matter shall be at the expense of Licensee and Licensee shall employ only such cleaning, garbage and trash removal contractors as may be approved by Licensor.

exercise of the privilege accorded by this agreement.

Licensee's Employees to Properly Conduct Themselves

9. That while Licensee's officers, agents and employees are on the premises of Licensor, hereunder, it will cause them to conduct themselves in a proper manner and if complaint is Conductmade by Licensor, Licensee will forthwith take such corrective measures as are necessary.

Signs and Advertisements

10. Not to paint, post or display any sign or advertisement on the said space without the prior written approval of Licensor and the requirement for such approval shall extend to the location, character, design, coloring and lettering of such sign or advertisement.

Right of Licensor to Enter, Inspect and Make Repairs

11. To permit Licensor to enter the space at any and all times for the purpose of inspecting the same and for making repairs to the building, and Licensee will not make any claim for loss or damages by reason of inconvenience or interruption to business arising therefrom. Nothing herein contained shall be construed to release Licensee from the obligation to keep the said space in good order and condition as hereinbefore provided.

Licensee Not to Make Additions, alterations or Improvements

12. Not to make any additions, alterations or improvements without the prior written consent of Licensor, and all additions, alterations or improvements made by either of the parties hereto upon the said space except movable furniture, furnishings and trade fixtures installed thereon at the expense of Licensee, shall be the property of Licensor and shall remain upon and be surrendered to Licensor upon the termination of this agreement, without molestation or injury.

Responsibility of Licensee to Its Employees

13. That in the performance of any and all work to be done by Licensor under the terms of this agreement or which may arise thereunder, result therefrom, or be in any way connected therewith or any operation thereunder. Licensee will furnish all labor and supervisory forces of every kind and it is expressly understood and agreed that Licensee shall employ, pay from Licensee's own funds and discharge all persons engaged in the performance of such work; and all such persons shall be and remain the sole employees and subject to Licensee's exclusive supervision, direction and control.

Licensee to Notify Licensor of Breakage of Pipes, Wires, etc.

14. To give to Licensor prompt written notice of any accidents to or defects in the water pipes or electric wires to be remedied by Licensor with due diligence. Licensor shallnot be responsible for any loss, injury or damage which may happen to the person or property of Licensee or Licensee's employees or persons claiming under Licensee on or about the said space caused by theft, or by the handling of electric lamps or wires, or accident to or breakage of any of the machinery or fixtures connected with the building of which the said space is part, or by water, rain or snow which may leak into, issue or overflow from any part of the said building; nor shall Licensor be responsible for any claim whatsoever of employees of Licensee or their representatives, on account of death, personal injury or otherwise, howsoever occurring or sustained.

Licensee to Indemnify Licensor Against Payment of Claims, etc.

15. That if at any time during the continuance of this agreement any accident to any person or persons or property shall occur in, on or in proximity to the said space, by reason of the gence of Licensee or Licensee's agents or employees, and in any action or actions brought, to recover damages therefor, judgment shall be recovered against Licen-sor, then and in every such event, upon written demand being made upon Licensee, Licensee shall and will promptly pay to Licensor the amount of any and every such judgment which may have been **[Illegible]** against Licensor, together with all reasonable and proper costs, expenses and counsel fees to which Licensor may or shall be subjected in the defense of such action or actions, provided, however, that Licensor shall have given written notice to Licensee of the pendency of such action or actions and shall have afforded counsel of Licensee. a reasonable time, if so requested to cooperate with Licensor's counsel in the defense of such action or actions.

Workmen's Compensation and Other Insurance

16. Licensee shall at all times during the continuance of this lease, at Licensee's sole cost and expense, procure and maintain Public Liability Insurance in the name of the licensee with contractual liability and endorsement quoting verbatim the liability assumed by the Licensee under this lease for bodily injury limits of $100,000.00 one person, $300,000.00 one accident, and will furnish to Licensor satisfactory evidence of such insurance.

17. That each proposed advertisement shall, before a binding contract is entered into and the advertisement place or installed, be submitted to the Licensor for, its written approval (which approval shall not be unreasonably withheld) of

the following: size or dimension, nature of product to be advertised, form, nature, style, wording and contents of the advertisement.

18. That without limiting the scope of its rights to disapprove any advertising which Licensor in its sole judgment considers should not be accepted or installed by Licensee, Licensor makes the reservations contained throughout this agreement for the reasons, among others, that certain advertising may relate to commodities, matters, or things which the Licensor in its judgment may deem unlawful, immoral, improper or offensive to good taste, or be in competition directly or indirectly with the transportation conducted by Licensor or its affiliated companies; or involve political or other views which could result in dissension or involve Licensor in dissension, complaints or controversy with its patrons or the public or involve matters or raminifications not now anticipated or foreseeable.

19. That Licensee shall provide in its contracts with its advertisers that notwithstanding the fact that Licensor and Licensee may have permitted the advertising to be placed on Licensor's property as herein provided, Licensor reserves the right and shall have the right to cause to be removed forthwith without liability to Licensee or its advertiser any advertisement which in the judgement of Licensor is or might be deemed to be slanderous, libelous, unlawful, immoral, offensive to good taste, involves illegal competition or trade practices, infringement of trademarks, trade names, violates rights of privacy, infringement of copyrights or proprietary rights.

20. That Licensee shall construct and install said advertising spectacular, at its own cost and expense, at a cost not to exceed $61,000.00. Plans and specifications for the construction and installation of said spectacular have been approved by Licensor. Licensee shall and will provide Licensor with a certified statement, in detail, of the amount so expended by it together with a full and complete release of liens within thirty (30) days after completion of work.

21. That Licensee shall and will, at its own ~~cost and expense, assume entire~~ installation and maintenance of display and supporting structure and all facilities in connection therewith, including, but not limited to ordinary and extraordinary maintenance, cleaning, replacement of lamps, supervision, all display equipment including transparencies, front lighted copy, lighting equipment and light fixtures, and all special equipment and fixtures required.

22. That Licensee for itself, its employees and agents, covenants and agrees that it and they will place, remove and arrange its materials or property and in general do any and all work under this agreement at such time and in such manner as in no way to impede or interfere with the operations of Licensor.

IT IS HEREBY MUTUALLY UNDERSTOOD AND AGREED:

Fire Clause (To be ruled out of At Will Agreements)

I. That if, during the continuance of this agreement, the said space is so damaged by fire or other casualty, not occurring through Licensee's negligence, that the same is rendered wholly unfit for occupancy and cannot be repaired within sixty days from the happening of such damage, then this agreement shall cease and terminate from the date of such damage; in such case Licensee shall pay the compensation appor-

tioned to the time of such damage and shall immediately surrender the said space to Licensor, who may enter upon and repossess the same. If such damage can be repaired within sixty days thereafter, Licensor may enter and repair, provided that it shall elect so to do; then this agreement shall not be affected, except that the compensation shall be apportioned and suspended while such repairs are being made, but if Licensor shall elect not to repair, then this agreement shall cease and terminate and the compensation shall be apportioned as in the instance first above recited; but if said space shall be so slightly damaged by fire or other casualty as not to be rendered unfit for occupancy, then Licensor agrees that the same shall be repaired with reasonable promptness, and in that case compensation accrued or accruing shall not cease or terminate.

~~Termination Clause~~

II. ~~That either party hereto shall have the right to~~ **[Illegible]** ~~privilege at any time hereafter by giving to the other written notice, by legal service, of the intension so to do, and upon the expiration of the time mentioned in such notice the said privilege shall cease and Licensee shall quit and deliver possession of the said space to the Licensor. In the event of Licensor exercising its right to terminate this agreement as in this paragraph provided, without breach of covenant on the part of Licensee, the proportionate part of the compensation paid in advance shall be refunded to and accepted Licensee as payment in full for that portion of the time unexpired for which~~ **[Illegible]** ~~possession of the said space.~~

Termination by Licensor in Event of Use for Corporate Purposes (To be ruled out of At Will Agreements)

III. That Licensor shall have the right in the event that it shall require the said space for its corporate purposes, upon giving Licensee three months prior written notice, to terminate this agreement at any time during the said term or any extension thereof, and on the date specified in said notice, this agreement shall expire as fully and completely) as if that date were the date herein definitely fixed for the expiration thereof.

[Illegible]

IV. ~~That unless either party hereto shall give to the other written notice, by legal service, of intention to terminate this agreement prior to the end of the term hereinbefore stipulated, this agreement shall continue upon the same terms and conditions, subject to termination as in this agreement provided, for a further term of _____ and so on thereafter from _____ to _____ until terminated by either party hereto giving to the other written notice, by legal service,~~ **[Illegible]**

(Additional Provisions written in this space to be designated V(a), V(a), etc.)

V. That if the whole or any portion of the building of which the said space is part shall be taken or condemned by any competent authority, Licensor shall have the right to terminate this agreement at any time by giving Licensee not less than ten days notice in writing of Licensor's intention so to do, and thereupon this agreement shall cease, terminate and come to an end on the date specified in said notice.

V. (a) That unless either party hereto shall give to the other written notice, by legal service, of intention to terminate this agreement one hundred eighty (180) days prior to the end of the term hereinbefore stipulated, this agreement shall continue upon the same terms and conditions, subject to termination as in this agreement; provided, for a further term of one (1) year and so on thereafter from year to year, or such other longer term as may be approved by Licensor, until terminated by either party hereto giving to the other one hundred eighty (180) days written notice, by legal service, prior to the expiration of the then current term.

V. (b) That during the initial term of this agreement Licensee may retain each month out of Lessor's cut of gross receipts an amount equal to one thirty third (1/33rd) of the $61,000.00, and apply same to reimburse itself the cost of $61,000.00 for construction and installation of said advertising spectacular, plus a sum equal to six per cent (6%) per annum, calculated monthly, on the unreimbursed portion of said $61,000.00 Licensee shall indicate on the statement of Licensee's gross receipts as hereinbefore mentioned the amount retained by it during each month until the cost has been completely reimbursed. Upon complete reimbursement Licensee shall then pay the full per centum rental as required under this agreement.

V. (c) That in the event of termination by the Licensor as provided for in paragraph III and V, page 5 hereof, prior to complete reimbursement of the cost of erecting the said advertising spectacular, Licensor hereby covenants and agrees to reimburse Licensee, upon the surrender of the space and removal therefrom, for the reimbursed cost of erecting said advertising spectacular.

V. (d) That upon completion of reimbursement provided in Paragraph 5. (b) the advertising spectacular shall become the property of the Licensor and Licensor will not reimburse

the Licensee for any part of the cost incurred therewith.

V. (e) That the rent and additional charges during any holdover period shall be adjusted to reflect the economic facts as then exist. In no event will the rental be less than 60% of gross receipts of $102,000 per annum.

V. (f) That at the expiration of this agreement and the term therein, or any renewal thereof, Licensee shall be responsible, at its own cost and expense, for the removal of all advertising material and equipment not owned by Licensor.

Licensor's Remedy in Event of Licensee's Default

VII. That in the event Licensee shall fail to pay the compensation when due or shall in any other respect violate any of the conditions or covenants herein contained, Licensor shall have the right to terminate this agreement forthwith and reoccupy said space and remove all persons therefrom and to remove from said space and store without liability for safekeeping any and all materials, property and merchandise thereon not owned by Licensor and remove and dispose of all waste, rubbish and debris, all of which shall be performed at the expense of Licensee, which expense Licensee hereby expressly agrees to pay to Licensor promptly on demand, and for the purpose of such reoccupancy and repossession. Licensee hereby waives any notice, prescribed by law or otherwise, to vacate said space.

Not a Joint Enterprise

VIII. That nothing in this agreement contained shall be interpreted or construed as constituting a joint enterprise between Licensor and Licensee.

Licensee to Observe Rules and Regulations

IX. Licensor's Rules and Regulations attached to this agreement and such alterations and additions thereto and modifications thereof as may from time to time be made by Licensor, shall be considered a part of this agreement, with the same effect as though written herein and Licensee covenants that the same shall be faithfully observed by Licensee and the employees of Licensee; the right is hereby expressly reserved by Licensor to add to, alter, modify or rescind, from time to time, such rules and regulations.

Notices by Registered Mail

X. That any notice given under the terms of this agreement shall be deemed sufficient to meet the requirements thereof as legal service, if served by Certified or Registered United States mail, such notice to be computed from date of mailing.

No Waiver of Specific Performance

XI. That any failure on the part of Licensor to compel to fulfillment of any one or more of the covenants, terms and conditions herein contained shall not be held to be a waiver of its right to enforce the same at any time during the continuance of this agreement.

Licensee Declare

XII. That the word Licensee as used herein shall be construed to include the plural as well as the singular; and the necessary grammatical changes required to make the provisions hereof apply to either corporations or individuals, masculine or feminine, shall in all cases be assumed as though herein fully expressed.

Successors and Assigns

That all rights and liabilities herein given to or imposed upon either of the parties hereto shall extend to the heirs, executors, administrators, successors and assigns of such party; provided, however, this provision shall not be construed to

modify or nullify the provisions of Paragraph 5 hereof.

IN WITNESS Whereof, Licensor has hereunto affixed its corporate seal, duly attested, and Licensee has caused this agreement to be duly executed, the day and year first above written.

All additions and deletions hereto were made prior to execution by either party

THE PENNSYLVANIA RAILROAD COMPANY, Lessee

Sealed and delivered in the presence of us.

(Two witnesses to each party, except corporations in states other than Ohio.)

By: /s/ [ILLEGIBLE]

Attest:

TRANSPORTATION DISPLAYS, INC.

By: /s/ [ILLEGIBLE]
President

Attest:/s/ [ILLEGIBLE]
Secretary

RULES AND REGULATIONS

1. The entrances, passageways, stairways and elevators shall not be obstructed by Licensee or used by it for any other purpose than for ingress and egress to and from the space described in this agreement. Licensee is requested to give to the Superintendent or watchman immediate notice of any canvassers, newsboys, peddlers, beggars or unauthorized bootblacks seeking to ply their trade in the building, with a view of the prevention of the same.

2. Licensor in all cases shall have the right to prescribe the method and manner in which any merchandise, heavy furniture, fixtures or safes shall be brought into or taken out of the building, and also the hours at which such moving shall be done. Licensor in all cases shall retain the right to prescribe the maximum weight and proper position of such merchandise, heavy furniture, fixtures and safes, and all damage done to the building by moving such merchandise, heavy furniture, fixtures or safes into or out of the building while said property shall be therein, and as a result thereof, shall be made good and paid for by Licensee.

3. Licensor reserves to itself the exclusive right to specify the color, size, style and location of all signs, advertisements, notices or other devices for advertising Licensee's business and no sign, advertisement, notice or other device shall be placed upon the premises without the written consent of Licensor first had and obtained.

4. If Licensee desires to introduce signalling, telegraphic, telephonic, or other wires and instruments, Licensor will direct the electricians as to where and how same are to be placed, and without such directions, no placing of instruments, or boring or cutting for wires will be permitted. Licensor shall in all cases retain the right to require the placing and using of such electrical protecting devices to prevent transmission of excessive currents of electricity into or through the building, and to require the changing of wires and of their placing and arrangement as Licensor may deem nec-

essary, and further to require compliance on the part of all using, or seeking access to such wires with such rules, as Licensor may establish relating thereto, and in the event of non-compliance with such requirements and rules, Licensor shall have the right to immediately cut and prevent the use of such wires. Notice requiring such changing of wires and their replacing and rearrangement given by Licensor to any company or individual furnishing service by means of such wires to Licensee, shall be regarded as notice to Licensee and shall take effect immediately. All wires used by Licensee must be clearly tagged at the distributing boards and junction boxes and elsewhere in the building with the number of the shop to which such wires lead, and the purpose for which said wires respectively are used, together with the name of the company operating same. All cost and expenses incurred in connection with any and all of the work contemplated by this paragraph shall be paid by Licensee, who shall be solely responsible and liable for any and all damages to persons and property that may occur in connection with or by reason of same. Licensees desiring to put in telephone or call boxes will notify Licensor, who will designate where the same shall be placed. No mechanics shall be allowed in or about the building other than those employed by Licensor, without the written consent of Licensor first having been obtained.

5. Licensor or its agents shall have the right to enter the said space at any time to examine the same, or to run telegraph or other electric wires, or to make such repairs, additions and alterations as it shall deem necessary, for the safety, improvement, preservation and restoration of the said building, or for the safety or convenience of the occupants thereof, or passengers of Licensor and the traveling public and also to exhibit the said space to be let or put upon them the normal notice of "To Let" during the three months previous to the expiration of this agreement and said notice shall not be removed or obliterated by Licensee.

6. No linoleum, oil cloth, rubber or other air-tight covering shall be laid upon the floors without the written consent

of Licensor, nor shall articles be fastened to, or holes drilled, or nails or screws driven into the walls or partitions nor shall the walls or partitions be painted, papered or otherwise covered, or in any way marked or broken. No machinery of any kind shall be operated in the said space.

7. The toilet rooms, water-closets and other water apparatus shall not be used for any purpose other than those for which they were constructed and no sweepings, rubbish, rags, ashes, chemicals, refuse from electric batteries or other unsuitable substances shall be thrown into them. Any damage resulting from such misuse or abuse shall be borne and immediately paid by the person or corporation by whom or by whose employee it is caused.

8. Licensee shall not do or permit anything to be done in the said space, or bring or keep anything therein which will in any way increase the rate of fire insurance on the said building or on property kept therein or conflict with the laws relating to fires, or with the regulations of the Municipal Fire Department or Licensor's Insurance Department or with any insurance policy upon the said building or any part thereof, or conflict with any of the rules and ordinances of the Board of Health, or obstruct or interfere with the rights of others or in any way injure or annoy them.

9. Licensee shall not use or keep in the building any explosives, kerosene, gasoline, benzine, camphene, burning fluid or other illuminating material, except electric lights and candles.

10. The use of the premises as sleeping apartments is absolutely prohibited, and no animals or birds will be allowed in or about the premises.

11. Licensor reserves the right to rescind any of these rules and to make such other and further rules and regulations as in its judgment, may from time to time be needful for the safety, care and cleanliness of the building and for the preservation of good order therein, which rules, when so made and notice thereof is given to Licensee, shall have the same force and

effect as if originally made a part of the foregoing agreement. Such other and further rules, however, shall be consistent with the proper and rightful enjoyment by Licensee under the foregoing agreement of the space therein referred to, or the privilege therein accorded.

RENT NUMBER 28 11640

31 01 047

License

(STATION CONCESSION)

THE PENNSYLVANIA RAILROAD COMPANY,
Lessee

To

TRANSPORTATION DISPLAYS, INC.
Space: Advertising spectacular over ticket counter,
Ticket Concourse, Pennsylvania Station, New York, N.Y.

Rental: 60% of gross receipts

Agreement occurrence 1/1/67
Former Occupant None
Agreement forwarded

General Contract Record

Reg. No. 159-857
Registered Feb 23 1971

ICC-NY-Mass Cam __x__

Calendar __x__

PLAINTIFF'S EXHIBIT 37

JUSTIFICATION OF SPECTACULAR SIGN AGREEMENT TO A&S DEPARTMENT STORES

Prepared by: Bruce Bourque Date: 8/20/87
Real Estate Division

Location: Level B, Pennsylvania Station, New York

Prior Use and Rental: Advertising sign; $79,560 (12 months)

Area of Use: 1,000 square foot sign located above the old ticket counter.

Proposed use: Same

Fee: Monthly Minimum Rent: $ 2,600 First 2 months
$ 6,338 Next 6 months
$ 8,775 Final 12 months
Aggregate Minimum Rent: $148,525
Utilities Charge: $ 2,200 per month

Term: 1-1/2 years; Tenant has a one-year option to extend the term to June 1, 1990, subject to Amtrak's approval of both the business terms and copy, at the lesser of $9,477 or the 1989 renewal rate.

Method of Selection: Winston Network Incorporated Advertising Agency

Business Justification: Increased annual rental by 20% or $19,500 over former agreement with Nike, which expired in March 1987.*

Modifications of Standard Form: None

Approvals: Price & Terms: _____
Office of General Counsel: AA 8/25/87
AVP-Real Estate: _____
Executive Vice President _____

*See comments attached.

ATTACHMENT

JUSTIFICATION OF SPECTACULAR SIGN AGREEMENT TO A&S DEPARTMENT STORES

COMMENTS:

Amtrak had received rental of $79,560 per annum from Nike Athletic Shoes under an advertising agreement that expired in March 1987.

A&S Department Stores will pay rental of $148,525 for a one and one-half year advertising agreement, a 20% increase over the Nike agreement.

I recommend that we accept the A&S Department Store proposal.

PLAINTIFF'S EXHIBIT 38

[LETTERHEAD OF WINSTON NETWORK, INC.]

September 14, 1987

Federal Express:

Mr. Bruce Bourque
National Railroad Passenger Corporation
400 North Capitol Street
Washington, D.C. 20001

Dear Bruce:

Enclosed please find a black and white stat of the A&S spectacular sign. This copy will be prepared once approved by you to be installed on October 1, 1987.

Please call as soon as you have obtained Amtrak's approval, so that I may get back to the agency with your response.

Thank you for your cooperation.

Very truly yours,

/s/ VINCENT NOTARO
Vincent Notaro
Senior Vice President

/cmb

Enclosure:

* * *

PLAINTIFF'S EXHIBIT 45

[LETTERHEAD OF TDI]

October 10, 1979

Mr. Ken Simpson
AMTRAK
One Penn Plaza
New York, New York 10001

Dear Ken:

As I mentioned early in July, DuPont has notified us that they will not renew their contract for the space they currently occupy for their Spectacular in Penn Station after December 31, 1979.

We have since resold this space to the Atlantic City Resorts Hotels. The contract with them will run for five (5) years commencing January 1, 1980, with the first year space cost being $13,000 per month. The second, third, fourth, and fifth years there are incremental increases of $500 per month in each year, ending up in the fifth year at $15,000. Besides the space cost, the advertiser will pay for the cost of all electrical service charges billed to us by AMTRAK.

I would like to stress the importance of the timing involved in preparing and producing a large transparency of this size. Therefore, it is very important that we take time to sit down and discuss this matter next week.

I will be calling you early to set up on appointment at your convenience.

Sincerely,

/s/ VINCENT NOTARO
Vice President

Vincent Notaro
vl

PLAINTIFF'S EXHIBIT 48

[LETTERHEAD OF TDI, WINSTON NETWORK, INC.]

May 26, 1983

Mr. Kurt Weissheimer,
Senior Director
Amtrak
National Railroad Passenger Corp.
400 N. Capitol Street, N.W.
Washington, D.C. 20001

RE: Penn Station Spectacular

Dear Kurt:

We have received a contract for the spectacular location at Penn Station New York.

Effective September 1, 1983 Fijitsu would like to occupy the space for a period of twelve months. The gross monthly rate for this contract is $10,000.00. The net rate after agency commissions is $8,500.00 per month, of which the railroad's share based on our 65% revenue sharing agreement comes to $5,525.00 per month. I am expecting to receive a rough sketch of the actual display at which time I will send to you for final approval.

If you have any questions regarding this contract, please do not hesitate to call.

Sincerely,

/s/ VINCENT NOTARO
Vincent Notaro
Senior Vice President

VN/ps

cc: F. Tierney

[LETTERHEAD OF TDI, WINSTON NETWORK, INC.]

August 2, 1983

Mr. Kurt Weissheimer
Senior Director
Amtrak
400 North Capitol Street, N.W.
Washington D. C. 20001

Re: Penn Station Spectacular

Dear Kurt:

We have finally received a lay-out of the Fujitsu display spectacular for Penn Station, New York. This color comp is merely to show the layout of the components they will be using to make up the transparency.

I would appreciate your approval, as soon as possible, so that we may inform the client to proceed with the production.

Sincerely,

/s/ VINCENT NOTARO
Vincent Notaro
Senior Vice President

VN/dm

[LETTERHEAD OF TDI, WINSTON NETWORK, INC.]

September 26, 1983

Mr. Kurt Weissheimer
Amtrak
400 North Capitol St., NW
Washington D. C. 20001

Dear Kurt:

On August 2, 1983, I originally sent to you a rough comp of the Fugitsu display for Penn Station asking your copy approval, I had no idea it would take this long to receive a positive answer from you.

The contract originally commenced on September 1, 1983. Because, we were unable to receive your approval, Amtrak has lost a months equity which, as you know, would have been $5,525.00.

The original comp sent to you was strictly to show you that Fugitsu dealt only with computers and there would have been no problem with suitability and taste.

I have expressed to the agency your dissatisfaction with the initial comp. The President of the agency wishes to discuss this matter with you and he is willing to fly to Washington to meet with you at your convenience at which time, he would like to show and discuss with you additional lay-outs which may be more to your satisfaction. I am enclosing xerox copies of these new rough ideas.

I would appreciate your calling me upon receipt of this letter so that we may set up a meeting in Washington or here in New York, if you are coming to town.

Sincerely,

/s/ VINCENT NOTARO
Vincent Notaro
Senior Vice President

VN/dm

* * *

[LETTERHEAD OF AMTRAK]

March 23, 1984

Mr. Vince Notaro
Senior Vice President
Winston Network, Inc.
275 Madison Avenue
New York, NY 10016

RE: Spectacular Sign -
Penn Station, New York

Dear Vince,

Please be advised that the "Manhattan Skyline" design sketch, as submitted to Amtrak by Livingston/Sirutis on February 17, 1984, is acceptable for the Fujitsu Display on the Penn Station New York Spectacular Sign. Kindly provide the full text of the advertisement as soon as it becomes available. The present monthly utility charge for the Spectacular sign is $2,150 and the permit covering the display expires December 31, 1984.

Very truly yours,

/s/ PAUL MENK
Paul Menk
Project Manager
Real Estate Development

1192.1693/moy

[LETTERHEAD OF AMTRAK]

April 18, 1985

Mr. Vince Notaro
Senior Vice President
Winston Network, Inc.
275 Madison Avenue
New York, New York 10016

RE: Spectacular, Penn Station, NY

Dear Vince:

The following is in response to your letter dated April 16, 1984. Amtrak has reviewed and does hereby approve the stat of the temporary sign which Fujitsu proposes to place on the Spectacular at Penn Station, New York.

The showing of this temporary sign is also hereby approved, but only for the twenty-nine calendar days immediately preceding the placement of "Manhattan Skyline" on the Spectacular.

Very truly yours,

/s/ PAUL MENK
Paul Menk
Project Manager
Real Estate Development

PLAINTIFF'S EXHIBIT 49

[LETTERHEAD OF WINSTON NETWORK, INC.]

July 23, 1987

Mr. Bruce Bourque
National Railroad Passenger Corp.
400 North Capitol Street
Washington, DC 20001

Re: Penn Station Spectacular

Dear Bruce:

As discussed, recently the A&S department store has shown great interest in the leasing of this Spectacular sign at Penn Station.

The store will not open until the summer of 1988. They still have contracted with us for a twelve (12) month period starting on June 1, 1988. This contract is for $13,500 per month and is contingent upon them renewing for another twelve (12) months in 1989. If they choose not to renew for another year, they will have to pay an additional $500 per month short rate charge. They are also responsible for the $2,200 monthly electrical charge.

The two (2) other contracts enclosed are also contracts for A&S who wish to install a temporary sign earlier. Therefore, we have given them a special rate commencing October 1st and another commencing December 1st. This temporary sign will also be subject to your approval.

They are in the process of preparing the artwork for submission. As soon as I receive it, I will send it on for your approval.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ VINCENT NOTARO
Vincent Notaro
Senior Vice President

VN:DM

cc: Mike Leible
Jeanine Crescimanno

[LETTERHEAD OF WINSTON NETWORK, INC.]

August 13, 1987

Mr. Bruce Bourque
National Railroad Passenger Corp.
400 North Capitol Street
Washington, DC 20001

Dear Bruce:

Enclosed is a xerox copy and the letter sent to Abraham & Strauss regarding the Penn Station Spectacular change.

We have inserted in the comment section the line that Amtrak must approve the 1989 renewal.

We have notified Abraham & Strauss that they should now go ahead and produce artwork for Amtrak's approval.

As soon as I receive this artwork, I will send it on to you.

Sincerely,

/s/ VINCENT NOTARO
Vincent Notaro
Senior Vice President

VN:DM

Enc.

PLAINTIFF'S EXHIBIT 51

[LETTERHEAD OF AMNI]

August 23, 1989

Mr. Bruce Bourque
Project Manager
National Railroad Passenger Corp.
400 North Capitol Street, N.W.
Washington, DC 20001

Re: Penn Station Spectacular

Dear Bruce:

Attached is a stat of the next A&S copy, scheduled for installation the first week in September. It is simply the next step in the progression. The production company is holding off pending approval. Since the copy *must* be ready by the end of August, it is important that I hear from you as quickly as possible.

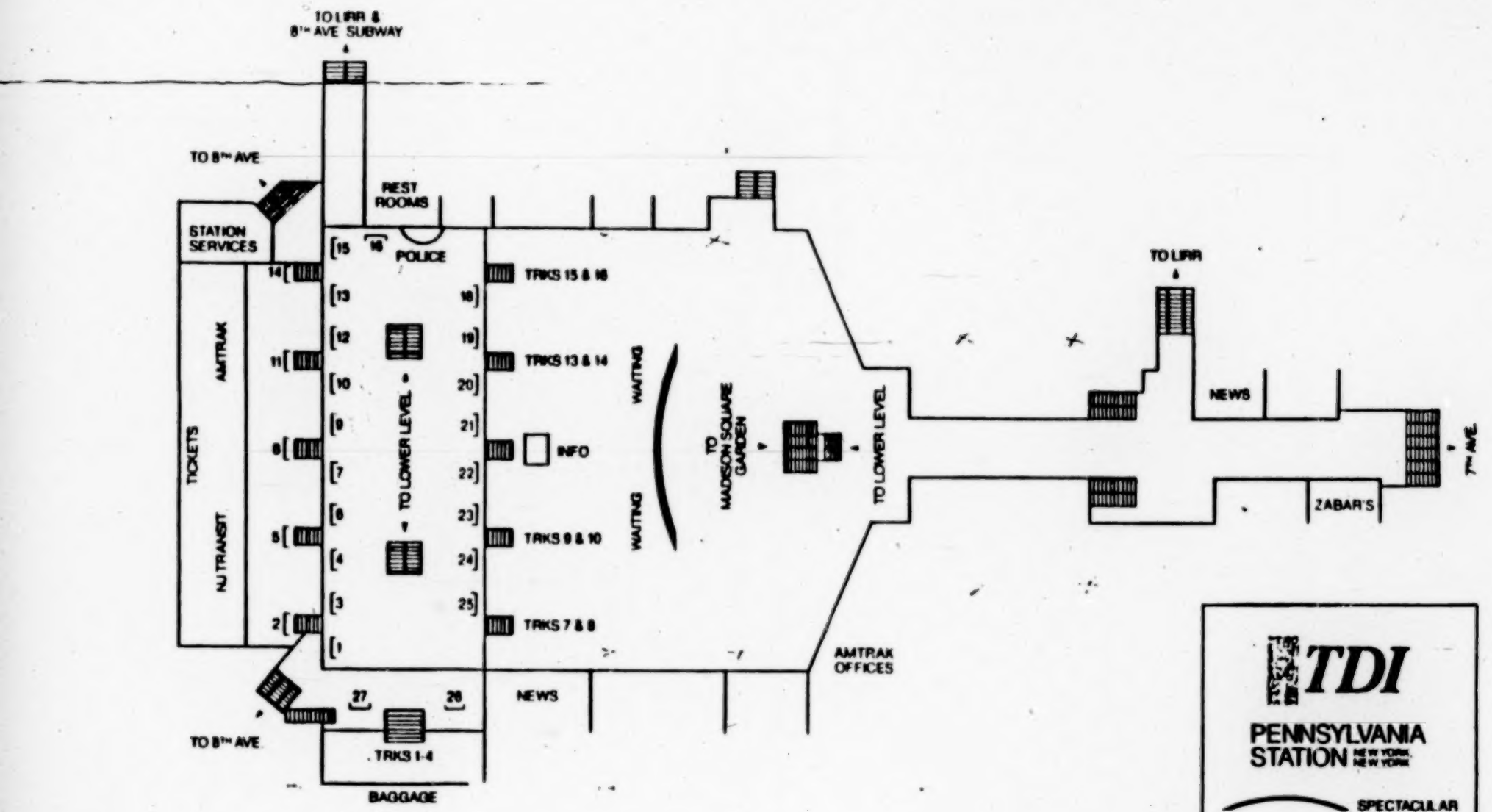
I still have not received official approval for the Sharp Electronics Exhibit. There has been another schedule change, the start date is now September 15, 1989 with the exhibit closing October 1, 1989. Please advise me of your approval.

Very truly yours,

/s/ RICHARD AMENT
Richard Ament
Asst. Vice President

cc: Vince Notaro

PLAINTIFF'S EXHIBIT 54



DEPOSITION EXHIBIT
P-54
1-21-93
NOON & PRATT

PLAINTIFF'S EXHIBIT
54

101-0

FINANCE NEW·YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL RR PASS CORP	IDENT. NO. 2317

1823170011l

IDENT. NO. 2317
NATL RR PASS CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
82317	11	6

CHECK BLOCK AND LOT NUMBER

307

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING. SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	55,000
	EXEMPT VALUE	55,000*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	SEMI-ANNUAL AMOUNT DUE	.00

* DETAILS OF EXEMPT VALUE
EXMT STATE LANDS & BLDGS - 55,000

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

**.175 OF WHICH PUTS MORE POLICE ON OUR STREETS

REAL PROPERTY TAX LAW PROVIDES THAT TAXES ARE TO BE BASED ON THE LOWER OF THE TRANSITION OR ACTUAL ASSESSED VALUE

FOR ADDITIONAL INFORMATION SEE REVERSE SIDE

PAYMENT PERIODS

YOUR PAYMENTS ARE DUE IN 2 INSTALLMENTS ON JULY 1, 1992, JANUARY 1, 1993

INTEREST

If payment on installment is not made by the due date or the end of the grace period (if any), interest will be charged at the rate of 9% per annum compounded daily from the original due date of the installment

DISCOUNTS

Except for the first installment, a 2.00% discount per annum will be allowed for early payment of installments. See reverse side for details.

PROTESTS

The period for protesting assessed valuation for 1993/94
1, 2, & 3 family dwellings: JANUARY 15, 1993 TO MARCH 15, 1993
All others: JANUARY 15, 1993 TO MARCH 1, 1993

OTHER INFORMATION

Estimated local assistance from New York State during 1992/93 - $6,189,617,607

DO NOT MAIL CASH!

Make check or money order payable to NYC DEPT. OF FINANCE. Please write borough, block, and lot no. on check. Your cancelled check is your receipt. Statements of account will be mailed twice a year. A $15.00 service charge will be assessed for each dishonored check. Cash payments may be made at any borough office of the City Collector, Mon. - Fri. 9am to 3pm

RETAIN THIS PORTION FOR YOUR RECORDS

R192 CT

FOR FULL YEAR PAYMENT USE THIS COUPON

PLAINTIFF'S EXHIBIT 56

PLAINTIFF'S EXHIBIT 56

BILL FOR REAL ESTATE TAXES

SENIOR CITIZEN TAX EXEMPTION

You may be eligible for a senior citizen tax exemption. Senior citizens must apply for such exemptions between January 15 and March 15. For information, please contact the Property Assessment Offices at the addresses listed below.

THIRD PARTY NOTIFICATION

The Real Property Tax Law provides that any taxpayer who owns residential real property consisting of no more than three family dwelling units and is age sixty-five or over or is disabled, is eligible for a third party notification of a consenting adult to receive duplicate tax bills or delinquency notices.

Appropriate application forms and further information may be obtained by calling Taxpayer Assistance or by visiting a Borough Office of the City Collector.

UNPAID CHARGES

If our records indicate that this property has unpaid charges, you should have recently received a statement itemizing these previous taxes, assessments, sewer rents/sewer surcharges, water charges or other legal charges which remain unpaid as of the date indicated. If you did not receive a statement, please call Taxpayer Assistance.

GRACE PERIOD

Under a local law passed in 1989, the 15-day interest-free period allowed for the payment of real property taxes was eliminated for any real property assessed at more than $40,000 and any realty, regardless of its assessment, with respect to which the real estate taxes are held in escrow and paid over to the City by a mortgage escrow agent. (For cooperatively-owned property, the 15-day grace period will be available if the assessed value divided by the number of dwelling units in the building is not more than $40,000, unless the taxes are escrowed.) For all other properties, the 15-day grace period remains in effect.

CASH PAYMENTS

Cash payments may be made at any borough Office of the City Collector, Monday - Friday from 9am to 3pm.

DISCOUNT

No discount is allowed on the first installment. See front of bill for rate of annual allowable discount and for the total amount that can be deducted if the full year is paid on or before July 1. For properties whose assessed value is not more than $40,000 and for properties whose taxes are paid by a party other than a mortgage escrow agent, the discount on subsequent quarters is calculated from July 1, or date paid, whichever is later, provided payment is made not later than 15 days prior to the due date, and for all other properties, not later than 30 days prior to the due date; and prior installments shall have been paid or shall be paid at the same time.

DETERMINATION OF ASSESSED VALUE

Specific questions regarding how the assessed value of the property was determined should be addressed to the Property Assessment Offices. Protest applications for the following tax year can also be obtained from these Offices.

IN REM

If you own a one- or two- family home, including condominiums, where the annual tax is $2,750 or less, and if any tax or other legal charge remains unpaid for three years, your property may be foreclosed. For all other properties, if any tax or other legal charge remains unpaid for one year, your property may be foreclosed.

INFORMATION

✆ For general information regarding this bill, or *interest/discount* calculations, please call **TAXPAYER ASSISTANCE** at ***(718) 935-9500***.

Property Located In	Property Assessment Offices	Offices of City Collector
Manhattan	Manhattan Municipal Building 1 Centre Street - 9th Floor New York, N.Y. 10007 Telephone: *(212) 669-4896*	150 Nassau Street - 5th Floor New York, N.Y. 10038 Telephone: *(718) 935-9500*
Bronx	Bergen Building 1932 Arthur Avenue - 7th Floor Bronx, N.Y. 10457 Telephone: *(212) 579-6879*	Bergen Building 1932 Arthur Avenue - 1st Floor Bronx, N.Y. 10457 Telephone: *(718) 935-9500*
Brooklyn	Brooklyn Municipal Building 210 Joralemon Street - Room 200 Brooklyn, N.Y. 11201 Telephone: *(718) 802-3550*	Brooklyn Municipal Building 210 Joralemon Street - Room 1 Brooklyn, N.Y. 11201 Telephone: *(718) 935-9500*
Queens	90-25 Sutphin Blvd. - 3rd Floor Jamaica, N.Y. 11435 Telephone: *(718) 658-4626*	90-15 Sutphin Blvd. - 1st Floor Jamaica, N.Y. 11435 Telephone: *(718) 935-9500*
Staten Island	350 St. Marks Place - Room 203 Staten Island, N.Y. 10301 Telephone: *(718) 390-5295*	350 St. Marks Place - Room 200 Staten Island, N.Y. 10301 Telephone: *(718) 935-9500*

BILL FOR REAL ESTATE TAXES SEE COUPONS BELOW

THIS INSTALLMENT DUE:

Please print any corrections to this name or address

THIS IS NOT A BILL
DO NOT SUBMIT WITH PAYMENT
SEE COUPONS BELOW

B	YR	C	BLOCK	LOT	C	C	AMOUNT DUE
1	2	0	11	82317	11	b	D XXXXXXXXXXXXXX
				PAY THIS AMOUNT >>>>			XXXXXXXXXXXXXX

TO INSURE PROPER CREDIT, DETACH THIS COUPON AND MAIL WITH PAYMENT TO THIS ADDRESS

Make check or money order payable to: NYC DEPT. OF FINANCE.
Please write borough, block, and lot no. on check.

BILL FOR REAL ESTATE TAXES SEE COUPONS BELOW

THIS INSTALLMENT DUE:

Please print any corrections to this name or address

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DO NOT SUBMIT WITH PAYMENT
SEE COUPONS BELOW

B	YR	C	BLOCK	LOT	C	C	AMOUNT DUE
1	2	0	11	82317	11	b	D XXXXXXXXXXXXXX
				PAY THIS AMOUNT >>>>			XXXXXXXXXXXXXX

TO INSURE PROPER CREDIT, DETACH THIS COUPON AND MAIL WITH PAYMENT TO THIS ADDRESS

Make check or money order payable to: NYC DEPT. OF FINANCE.
Please write borough, block, and lot no. on check.

1ST HLF BILL FOR REAL ESTATE TAXES MANHATTAN — TAX YEAR 92-93

1118231700116000000007019200000000000000000000000000000000000000006

THIS INSTALLMENT DUE:
DUE DATE 07/01/92
INT. CHARGED AFTER 07/17/92

Please print any corrections to this name or address

IDENT. NO. 2317
NATL RR PASS CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

B	YR	C	BLOCK	LOT	C	C	AMOUNT DUE
1	2	1	11	82317	11	b	D .00
				PAY THIS AMOUNT >>>>			.00

TO INSURE PROPER CREDIT, DETACH THIS COUPON AND MAIL WITH PAYMENT TO THIS ADDRESS

P.O. BOX 3121
NEW YORK, NY 10008-3121

Make check or money order payable to: NYC DEPT. OF FINANCE.
Please write borough, block, and lot no. on check.

2ND HLF BILL FOR REAL ESTATE TAXES MANHATTAN — TAX YEAR 92-93

1118231700116000000001019300000000000000000000000000000000000000007

THIS INSTALLMENT DUE:
DUE DATE 01/01/93
INT. CHARGED AFTER 01/01/93

Please print any corrections to this name or address

IDENT. NO. 2317
NATL RR PASS CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

B	YR	C	BLOCK	LOT	C	C	AMOUNT DUE
1	2	3	11	82317	11	b	D .00
				PAY THIS AMOUNT >>>>			.00

P.O. BOX 3121
NEW YORK, NY 10008-3121

TOTAL DISCOUNT IF PAYING FOR FULL YEAR ON OR BEFORE		
	FULL YEAR TAX	.00
	DISCOUNT	.00
07/01/92	NET PAYABLE	.00

FINANCE NEW·YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL RR PASS CORP	IDENT. NO. 2316

18231600111

IDENT. NO. 2316
NATL RR PASS CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
82316	11	8

CHECK BLOCK AND LOT NUMBERS

48

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

ASSESSED VALUE	6,900
EXEMPT VALUE	6,900*
TAXABLE VALUE	0
REAL ESTATE RATE PER $100	10.698**
A - REAL ESTATE TAX	.00
ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
SCHOOL RATE PER $100	00.000
B - SCHOOL TAX	.00
TOTAL TAX EQUALS A + B	.00
QUARTERLY AMOUNT DUE	.00

* DETAILS OF EXEMPT VALUE
EXMT STATE LANDS & BLDGS 6,900

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

**.175 OF WHICH PUTS MORE POLICE ON OUR STREETS

REAL PROPERTY TAX LAW PROVIDES THAT TAXES ARE TO BE BASED ON THE LOWER OF THE TRANSITION OR ACTUAL ASSESSED VALUE

FOR ADDITIONAL INFORMATION SEE REVERSE SIDE

PAYMENT PERIODS

YOUR PAYMENTS ARE DUE IN 4 INSTALLMENTS ON: JULY 1, 1992, OCTOBER 1, 1992, JANUARY 1, 1993 AND APRIL 1, 1993

INTEREST

If payment on installment is not made by the due date or the end of the grace period (if any), interest will be charged at the rate of 9% per annum compounded daily from the original due date of the installment.

DISCOUNTS

Except for the first installment, a 2.00% discount per annum will be allowed for early payment of installments. See reverse side for details.

PROTESTS

The period for protesting assessed valuation for 1993/94
1, 2, & 3 family dwellings: JANUARY 15, 1993 TO MARCH 15, 1993
All others: JANUARY 15, 1993 TO MARCH 1, 1993

OTHER INFORMATION

Estimated local assistance from New York State during 1992/93 - $6,189,617,607

DO NOT MAIL CASH!

Make check or money order payable to NYC DEPT. OF FINANCE. Please write borough, block, and lot no. on check. Your cancelled check is your receipt. Statements of account will be mailed twice a year. A $15.00 service charge will be assessed for each dishonored check. Cash payments may be made at any borough office of the City Collector, Mon. - Fri. 9am to 3pm.

RETAIN THIS PORTION FOR YOUR RECORDS

R182 CT

FOR FULL YEAR PAYMENT USE THIS COUPON

FINANCE NEW·YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL. RR PASSENGER CORP	IDENT NO.2315

1823150011l

IDENT NO.2315
NATL. RR PASSENGER CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
82315	11	0

CHECK BLOCK AND LOT NUMBER:

47

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	33,000
	EXEMPT VALUE	33,000*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	QUARTERLY AMOUNT DUE	.00

* DETAILS OF EXEMPT VALUE
EXMT STATE LANDS & BLDGS. - 33,000

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

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THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL RR PASSENGER CORP.	IDENT. NO. 2314

1A2314001l1

IDENT. NO. 2314
NATL RR PASSENGER CORP.
400 N CAPITOL ST. NW
WASHINGTON,DC 20001

BLOCK	LOT	C
02314	11	3

CHECK BLOCK AND LOT NUMBER

306

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	770,000
	EXEMPT VALUE	770,000*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	SEMI-ANNUAL AMOUNT DUE	.00

* DETAILS OF EXEMPT VALUE
EXMT STATE LANDS & BLDGS - 770,000

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

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FOR ADDITIONAL INFORMATION SEE REVERSE SIDE

PAYMENT PERIODS

YOUR PAYMENTS ARE DUE IN 2 INSTALLMENTS ON JULY 1, 1992, JANUARY 1, 1993

INTEREST

If payment on installment is not made by the due date or the end of the grace period (if any), interest will be charged at the rate of 9% per annum compounded daily from the original due date of the installment

DISCOUNTS

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OTHER INFORMATION

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NEW·YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL RR PASS CORP	IDENT. NO. 2313

18231300111

IDENT. NO. 2313
NATL RR PASS CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
82313	11	5

CHECK BLOCK AND LOT NUMBER

46

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	3,400
	EXEMPT VALUE	3,400*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	QUARTERLY AMOUNT DUE	.00
*	DETAILS OF EXEMPT VALUE	
	EXMT STATE LANDS & BLDGS -	3,400

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

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PAYMENT PERIODS

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INTEREST

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THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL. RR PASSENGER CORP	IDENT. NO. 2312

18231200111

IDENT. NO. 2312
NATL. RR PASSENGER CORP
400 N CAPITAL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
82312	11	7

CHECK BLOCK AND LOT NUMBER

305

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	180,000
	EXEMPT VALUE	180,000*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	SEMI-ANNUAL AMOUNT DUE	.00

* DETAILS OF EXEMPT VALUE
EXMT STATE LANDS & BLDGS - 180,000

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

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PAYMENT PERIODS

YOUR PAYMENTS ARE DUE IN 2 INSTALLMENTS ON JULY 1, 1992, JANUARY 1, 1993

INTEREST

If payment on installment is not made by the due date or the end of the grace period (if any), interest will be charged at the rate of 9% per annum compounded daily from the original due date of the installment.

DISCOUNTS

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OTHER INFORMATION

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FOR FULL YEAR PAYMENT USE THIS COUPON

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FINANCE NEW·YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL RR PASSENGER CORP	IDENT. NO. 2306

1823060O111

IDENT. NO. 2306
NATL RR PASSENGER CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
02306	11	9

CHECK BLOCK AND LOT NUMBER

43

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	10,000
	EXEMPT VALUE	10,000*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	QUARTERLY AMOUNT DUE	.00

* DETAILS OF EXEMPT VALUE
EXMT STATE LANDS & BLDGS - 10,000

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

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PAYMENT PERIODS

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FINANCE NEW·YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL RR PASS CORP	IDENT. NO. 2309

18230900111

IDENT. NO. 2309
NATL RR PASS CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
82309	11	3

CHECK BLOCK AND LOT NUMBER

45

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING. SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	14,500
	EXEMPT VALUE	14,500*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	QUARTERLY AMOUNT DUE	.00

* DETAILS OF EXEMPT VALUE
EXMT STATE LANDS & BLDGS - 14,500

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

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FINANCE
NEW·YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL. RR PASSENGER CORP	IDENT. NO. 2307

1A2307001l1

IDENT. NO. 2307
NATL. RR PASSENGER CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
02307	11	7

CHECK BLOCK AND LOT NUMBER

44

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING. SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	1,500
	EXEMPT VALUE	1,500*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	QUARTERLY AMOUNT DUE	.00

* DETAILS OF EXEMPT VALUE
EXMT STATE LANDS & BLDGS - 1,500

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

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FINANCE
NEW·YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL RR PASSNGER CORP	IDENT. NO. 2303

18230300111

IDENT. NO. 2303
NATL RR PASSNGER CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
82303	11	6

CHECK BLOCK AND LOT NUMBER.

41

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING. SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	6,300
	EXEMPT VALUE	6,300*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	QUARTERLY AMOUNT DUE	.00

* DETAILS OF EXEMPT VALUE
EXMT STATE LANDS & BLDGS - 6,300

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

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PROTESTS

The period for protesting assessed valuation for 1993/94
1, 2, & 3 family dwellings: JANUARY 15, 1993 TO MARCH 15, 1993
All others: JANUARY 15, 1993 TO MARCH 1, 1993

OTHER INFORMATION

Estimated local assistance from New York State during 1992/93 - $6,189,617,607

DO NOT MAIL CASH!

Make check or money order payable to NYC DEPT. OF FINANCE. Please write borough, block, and lot no. on check. Your cancelled check is your receipt. Statements of account will be mailed twice a year. A $15.00 service charge will be assessed for each dishonored check. Cash payments may be made at any borough office of the City Collector, Mon. - Fri. 9am to 3pm.

RETAIN THIS PORTION FOR YOUR RECORDS

R192 CT

FOR FULL YEAR PAYMENT USE THIS COUPON

FINANCE NEW·YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL. RR PASSENGER CORP	IDENT NO.2308

18230800111

IDENT NO.2308
NATL. RR PASSENGER CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
82308	11	5

CHECK BLOCK AND LOT NUMBER

304

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING. SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	290,000
	EXEMPT VALUE	290,000*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	SEMI-ANNUAL AMOUNT DUE	.00
*	DETAILS OF EXEMPT VALUE	
	EXMT STATE LANDS & BLDGS -	290,000

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

**.175 OF WHICH PUTS MORE POLICE ON OUR STREETS

REAL PROPERTY TAX LAW PROVIDES THAT TAXES ARE TO BE BASED ON THE LOWER OF THE TRANSITION OR ACTUAL ASSESSED VALUE

FOR ADDITIONAL INFORMATION SEE REVERSE SIDE

PAYMENT PERIODS

YOUR PAYMENTS ARE DUE IN 2 INSTALLMENTS ON JULY 1, 1992, JANUARY 1, 1993

INTEREST

If payment on installment is not made by the due date or the end of the grace period (if any), interest will be charged at the rate of 9% per annum compounded daily from the original due date of the installment.

DISCOUNTS

Except for the first installment, a 2.00% discount per annum will be allowed for early payment of installments. See reverse side for details.

PROTESTS

The period for protesting assessed valuation for 1993/94
1, 2, & 3 family dwellings: JANUARY 15, 1993 TO MARCH 15, 1993
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OTHER INFORMATION

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FINANCE NEW·YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL. RR PASSENGER CORP	IDENT. NO. 2205

182205001111

IDENT. NO. 2205
NATL. RR PASSENGER CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
82205	11	3

CHECK BLOCK AND LOT NUMBER

295

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING. SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	52,533,800
	EXEMPT VALUE	52,533,800*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	SEMI-ANNUAL AMOUNT DUE	.00

* DETAILS OF EXEMPT VALUE
EXMT FED SUBSIDIZED RR - 52,533,800

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

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INTEREST

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DISCOUNTS

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PROTESTS

The period for protesting assessed valuation for 1993/94
1, 2, & 3 family dwellings: JANUARY 15, 1993 TO MARCH 15, 1993
All others: JANUARY 15, 1993 TO MARCH 1, 1993

OTHER INFORMATION

Estimated local assistance from New York State during 1992/93 - $6,189,617,607

DO NOT MAIL CASH!

Make check or money order payable to NYC DEPT. OF FINANCE. Please write borough, block, and lot no. on check. Your cancelled check is your receipt. **Statements of account will be mailed twice a year.** A $15.00 service charge will be assessed for each dishonored check. Cash payments may be made at any borough office of the City Collector, Mon. - Fri. 9am to 3pm.

RETAIN THIS PORTION FOR YOUR RECORDS

R192 C7

FOR FULL YEAR PAYMENT USE THIS COUPON

FINANCE NEW·YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

BOROUGH OF MANHATTAN
TAX YEAR 1992 - 1993

OWNER OF RECORD	ADDRESS OF PROPERTY
NATL. RR PASSENGER CORP	IDENT. NO. A2205

1822050111 1

IDENT. NO. A2205
NATL. RR PASSENGER CORP
400 N CAPITOL ST NW
WASHINGTON DC 20001

BLOCK	LOT	C
82205	111	1

CHECK BLOCK AND LOT NUMBER

296

PROPERTY TYPE/CODE FULLY EXEMPT PROPERTIES PRIVAT /X

NOTIFY THE BOROUGH PROPERTY ASSESSMENT OFFICE IF THE OWNER OF RECORD OR DESCRIPTION OF PROPERTY ABOVE IS INCORRECT OR MISSING SEE REVERSE SIDE FOR ADDRESSES

DETAIL OF BILL

	ASSESSED VALUE	112,610,917
	EXEMPT VALUE	112,610,917*
	TAXABLE VALUE	0
	REAL ESTATE RATE PER $100	10.698**
A -	REAL ESTATE TAX	.00
	ASSESSED VALUE SUBJECT TO SCHOOL TAX	0
	SCHOOL RATE PER $100	00.000
B -	SCHOOL TAX	.00
	TOTAL TAX EQUALS A + B	.00
	SEMI-ANNUAL AMOUNT DUE	.00
*	DETAILS OF EXEMPT VALUE	
	EXMT FED SUBSIDIZED RR	112,610,917

TOTAL DISCOUNT IF PAID ON OR BEFORE JULY 1, 1992 .00

**.175 OF WHICH PUTS MORE POLICE ON OUR STREETS

REAL PROPERTY TAX LAW PROVIDES THAT TAXES ARE TO BE BASED ON THE LOWER OF THE TRANSITION OR ACTUAL ASSESSED VALUE

FOR ADDITIONAL INFORMATION SEE REVERSE SIDE

PAYMENT PERIODS

YOUR PAYMENTS ARE DUE IN 2 INSTALLMENTS ON JULY 1, 1992, JANUARY 1, 1993

INTEREST

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RETAIN THIS PORTION FOR YOUR RECORDS

R182 C7

FOR FULL YEAR PAYMENT USE THIS COUPON

PLAINTIFF'S EXHIBIT 58

NATIONAL RAILROAD PASSENGER CORPORATION
MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS'
REAL ESTATE SUBCOMMITTEE
September 22, 1987

The Real Estate Subcommittee of the Board of Directors of the National Railroad Passenger Corporation met on Tuesday, September 22, 1987 at the offices of the Corporation, 400 North Capitol Street, N.W., Washington, D.C. beginning at 1:05 p.m.

Committee members W. Graham Claytor, Jr.; Samuel H. Hellenbrand; William J. Watt, representing Governor Robert D. Orr; and James T. McQueen, representing the Secretary of Transportation attended the meeting.

Board members Darrell M. Trent and Paul M. Weyrich attended the meeting.

Tony DeAngelo, Charles W. Hayward, John P. Lange, Henry R. Moore, William S. Norman, Dennis F. Sullivan, and Elyse G. Wander of the Corporation's executive staff were present.

Bruce M. Bou-que, William F. Erkelenz, Daniel Hertz, Edward M. Jenkins, Richard I. Klein, Robert Z. LaCroix, John C. McCaffrey, Paul H. Menk, and Jonathan S. Wyner of the Corporation's staff also attended the meeting.

Mr. Hellenbrand served as Chairman; Mrs. Oliveri acted as Secretary.

Resolutions Authorizing the Lease of Retail Space in Pennsylvania Station, New York to Fotomat Corporation; Cotner Investment Corporation; Penn Han Madang, Inc; Control Data Corporation; Gourmet Management, Inc.; A Terminal Operating, Inc.; and A&S Department Stores, Inc.

The Chairman called the Committee's attention to resolutions authorizing the lease of retail space in Pennsylvania Station, New York of Fotomat Corporation; Cotner

Investment Corporation; Penn Han Madang, Inc.; Control Data Corporation; Gourmet Management, Inc.; and A Terminal Operating, Inc. He also directed the Committee's attention to a resolution authorizing the lease of the advertising spectacular sign location in Pennsylvania Station to A&S Department Stores, Inc. He reviewed the terms and conditions of the leases. Following discussion, upon motion duly made and seconded, the Committee voted to recommend Board approval of the following resolutions:

A&S Department Stores, Inc.

WHEREAS, Nike Corporation leased the 1,000 square foot "Advertising Spectacular" sign location above the former ticket counter on the B Level of Pennsylvania Station, New York, which lease expired in March 1987, and

WHEREAS, representatives of the Corporation and A&S Department Stores, Inc. have reached agreement in principle to lease that advertising sign location for a term of one and one-half years, commencing October 1987, which term may be extended for a future term of one year subject to Amtrak's consent, and

WHEREAS, the Corporation will receive a significant increase in rental, be it

RESOLVED, that the Corporation is authorized to enter into a lease with A&S Department Stores, Inc. consistent with the foregoing.

Board member Frank W. Jenkins and Timothy P. Gardner and Elyse G. Wander of the Corporation's executive staff joined the meeting during the discussion. George Meredith of the Corporation's staff also joined the meeting. Mr. Sullivan left the meeting.

PLAINTIFF'S EXHIBIT 59

NATIONAL RAILROAD PASSENGER CORPORATION
MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS'
FINANCE COMMITTEE
September 22, 1987

The Finance Committee of the National Railroad Passenger Corporation met on Tuesday, September 22, 1987 at the offices of the Corporation, 400 North Capitol Street, N.W. in Washington, D.C. beginning at 1:35 p.m.

Committee members W. Graham Claytor, Jr.; Samuel H. Hellenbrand; James T. McQueen, representing the Secretary of Transportation; William J. Watt, representing Governor Robert D. Orr; and Paul M. Weyrich attended the meeting.

Board members Ralph T. Kerchum and Darrell M. Trent were present.

Tony DeAngelo, Timothy P. Gardner, Charles W. Hayward, Henry R. Moore, William S. Norman, Dennis F. Sullivan, and Elyse G. Wander of the Corporation's executive staff were present.

William F. Erkelenz, Daniel Hertz, Richard I. Klein, Robert Z. LaCroix, and John McCaffrey of the Corporation's staff also attended the meeting.

Mr. Hellenbrand presided as Chairman; Mrs. Oliveri served as Secretary.

Resolutions Authorizing the Leasing of Retail Space and the Advertising Spectacular Sign Location in Pennsylvania Station, New York; the Sale of Land in Elizabeth, New Jersey; New Brunswick, New Jersey; and Providence, Rhode Island; the Sale of the Readville Yard in Boston/Dedham, Massachusetts; and Settlement of a Condemnation of Amtrak's Interest in Land in New Brunswick, New Jersey

The Chairman directed the Committee's attention to resolutions which had been reviewed by the Real Estate Subcommittee and recommended their approval. Upon motion

duly made and seconded, the Committee voted to recommend Board approval of the following resolutions:

- Resolution Authorizing the Lease of the Advertising Spectacular Sign Location in Pennsylvania Station, New York to A&S Department Stores, Inc.;

(These resolutions are contained in the September 22, 1987 minutes of the Real Estate Subcommittee.)

PLAINTIFF'S EXHIBIT 60

NATIONAL RAILROAD PASSENGER CORPORATION
MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS
September 23, 1987

The Board of Directors of the National Railroad Passenger Corporation held its regular meeting at the offices of the Corporation on Wednesday, September 23, 1987, beginning at 9:30 a.m.

Board members W. Graham Claytor, Jr.; Samuel H. Hellenbrand; Frank W. Jenkins; Ralph T. Kerchum; Charles Luna; Governor Robert D. Orr; John Riley; Darrell M. Trent; and Paul M. Weyrich were present.

James T. McQueen of the Federal Railroad Administration and William J. Watt, alternate for Governor Orr, attended the meeting.

Harold R. Henderson, Charles W. Hayward, Henry R. Moore, and William S. Norman of the Corporation's executive staff were present.

William F. Erkelenz, Corporate Secretary, also attended the meeting.

Mr. Claytor presided as Chairman; Mrs. Oliveri acted as Secretary.

Resolution Authorizing the Lease of the Advertising Spectacular Sign Location in Pennsylvania Station, New York to A&S Department Stores, Inc.

Mr. Hellenbrand directed the Board's attention to a resolution authorizing the lease of the advertising spectacular sign location in Pennsylvania Station, New York to A&S Department Stores, Inc. He advised the Board of the financial terms of the lease. Following discussion, upon motion duly made and seconded, the Board voted to approve the following resolution:

> WHEREAS, Nike Corporation leased the 1,000 square foot "Advertising Spectacular" sign location above the

former ticket counter on the B Level of Pennsylvania Station, New York, which lease expired in March 1987, and

WHEREAS, representatives of the Corporation and A&S Department Stores, Inc. have reached agreement in principle to lease that advertising sign location for a term of one and one-half years, commencing October 1987, which term may be extended for a further term of one year subject to Amtrak's consent, and

WHEREAS, the Corporation will receive a significant increase in rental, be it

RESOLVED, that the Corporation is authorized to enter into a lease with A&S Department Stores, Inc. consistent with the foregoing.

PLAINTIFF'S EXHIBIT 61

NATIONAL RAILROAD PASSENGER CORPORATION

1992 ANNUAL REPORT

Five-Year Comparison of Amtrak's Performance

	1992	1991	1990	1989	1988
Revenues (millions)	**$1,324.8**	$1,359.0	$1,308.4	$1,269.1	$1,106.7
Expenses (millions)	**$2,036.6**	$2,080.5	$2,011.8	$1,934.5	$1,757.1
Revenue-to-Expense Ratio*	**.79**	.79	.72	.72	.69
Revenue-to-Short-Term Avoidable Cost Ratio**	**1.19**	1.23	1.20	1.20	1.15
Revenue-to-Long-Term Avoidable Cost Ratio***	**.95**	.96	.93	.91	.90
Passenger Miles (millions)****	**6,091**	6,273	6,057	5,859	5,678
Passenger Miles per Train-Mile****	**176.8**	184.5	183.3	188.4	188.3
System On-Time Performance	**77%**	77%	76%	75%	71%
Ridership (millions)					
Amtrak System	**21.3**	22.0	22.2	21.4	21.5
Contract Commuter	**20.3**	18.1	18.0	17.4	15.4
Total	**41.6**	40.1	40.2	38.8	36.9

* Beginning in fiscal year 1991, the methodology of computing this ratio was changed to reflect the exclusion of excess Railroad Retirement and Unemployment Insurance Taxes which are now paid directly to the Internal Revenue Service by the Federal Railroad Administration on behalf of Amtrak.

** Short-term avoidable costs—Costs of activities that would stop with the discontinuance of a route or train, or begin with the introduction of a new route or train. Such costs include train and engine crews, fuel and power, and maintenance of way.

*** Long-term avoidable costs—All short-term avoidable costs, plus claims expenses, heavy maintenance, and a portion of corporate and field overhead.

**** Contract commuter passengers not included.

* * *

President's Report

The past year posed some of the toughest challenges Amtrak has faced in its 21 years as the nation's intercity rail passenger carrier. The national economy steadfastly refused to budge from its doldrums and the adverse impact on the travel sector has been far-reaching Discretionary travel—on which Amtrack depends for most of its revenues—fell sharply, hurting all carriers alike. Business travel similarly declined. The response by the airline industry—an aggressive fare war—resulted in the lowest airline yields (dollars per passenger mile) in many years and further undermined ridership on competing modes, including Amtrak.

For the first time in over a decade, Amtrak revenues and passenger miles declined—2.5 percent and 2.9 percent, respectively. This forced Amtrak to continue and expand a series of corporate-wide actions to reduce its operating budget—actions which have worked against our ability to provide the highest quality service. Management salaries were frozen, station and on-board staffing reduced, and some rail service eliminated. Fortunately, these steps were sufficient to avoid massive seasonal furloughs, although reduction in equipment overhauls at our Beech Grove (Ind.) Maintenance Facility resulted in some furloughs after the end of FY 1992. In fact, costs company-wide were reduced sufficiently to maintain the railroad's revenue-to-cost ratio at .79. This is the highest ratio in our history and one of the best (if not the best) among passenger railroads in the world. Nonetheless, the year fell well below our financial expectations and was a very difficult one for all of Amtrak's 24,000 employees.

* * *

Nonetheless, it is important to recognize that there remains a growing gap between the amount of new passenger equipment we need to boost revenues and efficiency, and the amount of capital funds that are available to order cars and locomotives. Without new equipment and plant modernization, Amtrak will not be able to provide quality service or improve revenues sufficiently to continue reducing its oper-

ating subsidy. We are attacking this issue from a number of fronts: encouraging states to invest in rail passenger infrastruture; seeking higher federal capital investment; and making the case for establishment of a trust fund to support investment in Amtrak and high-speed rail. Clearly, this issue must be addressed if Amtrak is to move forward with its primary corporate goal of improving the quality of service while covering more and more of its own operating costs.

That Amtrak did not meet its financial goals for 1992 should not overshadow the many significant accomplishments that were achieved this year. Chief among them were the decisions by transit agencies in both the Los Angeles and San Francisco metropolitan areas to contract with Amtrak to operate their commuter rail service. Indeed, for the first time in its history, Amtrak is now carrying more commuter passengers than intercity travelers. The new contracts, together with the start-up of the Amtrak-operated Virginia Railway Express, further demonstrate the confidence rail planners have in Amtrak's ability to provide high quality, reliable commuter service. We are extremely proud of our growing role as a commuter carrier and believe its importance to the corporation's future cannot be overestimated.

* * *

Two factors brighten our outlook for the future: an improving national economy, and near-unanimous recognition that greater federal investment in the nation's transportation infrastructure is badly needed to address our economic, environmental and transportation needs. As a result, the next several years can be strong ones for Amtrak if the commitment is made to adequately invest in Amtrak's future and to fully develop Amtrak's potential as an energy-efficient and environmentally superior alternative to growing highway and airport congestion. I believe the American people are ready to support that investment, and as a company, we are anxious to demonstrate to the nation just how beneficial an investment in rail passenger service can be.

W. Graham Clayton, Jr.
President

Providing A Unique Service

* * *

Stations: The Threshold Between Past and Future

When Amtrak was created in 1971 to preserve a national rail passenger system, it inherited an inventory of outmoded and dilapidated passenger stations. In the past two decades, Amtrak, states and local communities have begun to replace or rebuild these relics to reflect some of the grandeur and importance for which the local train station once stood. The job is hardly complete, but an increasing number of Amtrak stations now provide the passenger with a unique and positive view both of the train and of the communities through which Amtrak travels.

* * *

Despite the difficult national economy, Amtrak and many of the communities it serves continued to restore and improve passenger stations:

— Chicago Union Station celebrated the complete rebuilding and renovation of the passenger station facilities. The $32 million project, funded jointly by Amtrak and Metra, the commuter rail agency, has transformed the station from a maze of pedestrian bottlenecks to a smooth-flowing, passenger-friendly facility. Behind the scenes are modern mechanical, plumbing and heating and cooling systems, as well as employee locker rooms, commissary and other renovated facilities.

— A $438,000 project was completed at the historic Warrensburg, Mo., station. Originally constructed in 1890, the improvements—including new mechanical systems, parking and platforms—were jointly funded by the community, a local charity, the state and Amtrak.

— The City of Fostoria, Ohio, funded the improvement of portions of the Fostoria station now used for Amtrak service to Chicago and New York. Service to Fostoria was initiated with the rerouting of the *Capitol* and *Broadway Limiteds* in 1991, and improvements were required to provide for Amtrak ticketing and passenger seating.

* * *

— Renovations to the Hudson, N.Y., station were completed in August, providing for new parking, platforms and a beautiful station interior at one of Amtrak's busiest stations. Ninety-five percent of the $1.5 million cost of renovations was provided by the state.

* * *

Getting the Train to the People . . .

In December 1991, Amtrak inaugurated the new state-supported *Capitols* service between Sacramento and San Jose. With three daily round trips, one of which originates in Roseville, the new service has been a resounding success and epitomizes the commitment California has made to rail transportation. Indeed, fares generated on the Capitals already exceed the short-term cost of operating the trains, a remarkable achievement for a service that is less than one year old. California, which shares in funding the train with Amtrak, also provided the locomotives required for the service. With additional state-funded capital improvements in stations and upgraded tracks, the *Capitols* are expected to become one of Amtrak's most important corridor services.

* * *

. . . and the People to the Train

In addition to serving the new markets, Amtrak is improving access to the trains and facilities for all passengers, including those with mobility impairments and other disabilities. Driven by the time-frame established under the Americans with Disabilities Act (ADA), Amtrak plans to make improvements to most of its 524 stations to provide full access to station services—including restrooms and ticketing—and to its trains.

— In July, Amtrak completed a plan for making key commuter stations owned by Amtrak accessible. Improvements will be made to these stations over the next year, and the remaining stations over the following years.

— New passenger equipment ordered by Amtrak, including Superliners and Viewliners, will incorporate significant changes to improve mobility, restrooms, lighting and signs.

— Amtrak is developing a new generation of lifts to be located directly in the vestibules of its passenger cars. Funded under a grant from the U.S. Department of Education, the new devices could eliminate the need to provide expensive portable lifts at every Amtrak station. Testing of the prototype lifts is expected to begin next year to determine their ability to withstand the rigors of the railway environment.

— Amtrak has established a Consumer Advisory Board, consisting of members of several major associations representing individuals with disabilities, to provide consumer input on the design and testing of the lift program and on other accessibility issues.

* * *

Preparing for Future Markets

* * *

Amtrak's investment in in equipment and Northeast Corridor infrastructure improvements is only part of the investment that is needed to realize the potential of rail passenger service in the 21st century. There is continuing interest in additional Amtrak service on some routes and new Amtrak service where none exists today. At the same time, there is a growing public mandate for high-speed rail in densely populated corridors where air and highway congestion are seriously impairing the quality of life. Significant expansion of Amtrak service, whether conventional or high-speed, will depend on a commitment by all levels of government to rail improvements as a necessary and important component of transportation infrastructure planning and investment.

Overview of Financial Performance

The financial statements, together with the report of the Auditor, provide the hard data regarding Amtrak's financial status as of the close of the year. It is important to understand these statements as well as what lies behind the numbers.

Revenues: For the first time since 1975, revenues actually declined $34.2 million compared to the record performance of 1991. This should not obscure the fact that Amtrak generated $1.3 billion in passenger and other revenues. Nonetheless, revenues were below even our modest expectations for the year.

— **Passenger Revenues:** Revenue generated from ticket sales fell 3.5 percent, clearly reflecting the continued poor national economy and sluggishness in the travel sector. Furthermore, Hurricane Andrew, the 1992 airline fare wars, and the freight rail strike also undermined ticket sales at critical times during the year. On-board dining and buffet revenues similarly fell 5.5 percent.

— **Real Estate and Operations Development:** The 1992 performance was 11.5 percent below the previous year due to several factors, including the closing of a cogeneration plant in New Haven, weak rental and leasing revenues which resulted from the poor national economy, and severe overbuilding during the 1980s.

— **Commuter Operations:** Fortunately, there were also some positive areas for revenue generation. The most important was commuter operating revenues generated from Amtrak's growing contract commuter operations. With the addition of new California and Virginia commuter services, revenues rose by 16.7 percent.

— **State 403(b) Support:** The initiation of several new 403(b) state supported services last year—the *Capitols* in California and an additional Chicago-Milwaukee *Hiawatha Service* Train—resulted in a 26.3 percent increase in state payments to Amtrak.

Revenue Comparison
FY 1986–FY 1992
(in millions of dollars)

* * *

Overview of Financial Performance

Expenses: Amtrak's greatest achievement during the past year may well have been its ability to reduce corporate

expenses in the face of disappointing revenue generation: Expenses declined $44 million from last year—a decrease of 2.1 percent—despite inflation and the costs associated with the operation of several new services.

— Some of this decline relative to 1991 was the result of a special charge of $27.2 million taken in FY 1991, and is discussed in the footnotes to the financial statements.

— Cost cutting efforts—which included a management salary freeze, decreased staffing of trains and stations, and some productivity improvements resulting from the new labor agreements—were sufficient to offset much of the decline in revenues and permit the Corporation to actually improve its bottom line revenue-to-cost ratio despite the recession. In FY 1991 the ratio was .785; this year the ratio improved to .791.

* * *

Consolidated Statements of Operations

	For the Years Ended September 30, 1992	1991
	(Thousands of dollars)	
Revenues:		
Transportation related	**$1,195,568**	$1,208,682
Other	**129,228**	150,268
Total Revenues	**1,324,796**	1,358,950
Expenses:		
Train operations	**462,050**	449,485
Maintenance of equipment	**440,924**	443,481
Maintenance of way	**203,022**	204,511
On-board services	**171,224**	169,733
Stations	**134,690**	125,464
Marketing and reservations	**177,177**	184,457
General support	**112,216**	147,293
Taxes and insurance	**61,943**	63,368
Depreciation and amortization	**205,800**	202,643
General and administrative	**49,672**	49,531
Special charges	-	27,165
Interest	**17,858**	13,307
Total expenses	**2,036,576**	2,080,538
Net Loss	**$ 711,780**	$ 721,588

Consolidated Statements of Cash Flows

	For the Years Ended September 30, 1992	1991
	(Thousands of dollars)	
Cash Flows From Operating Activities:		
Net loss	**$(711,780)**	$(721,588)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**205,800**	202,643
Provision for inventory loss and obsolescence	**5,200**	9,000
Provision for losses on accounts receivable	**6,000**	3,300
Retirement and unemployment taxes paid by Federal Railroad Administration	**150,200**	144,798
Other	**6,659**	7,169
Changes in assets and liabilities:		
Decrease in accounts receivable	**8,356**	1,072
Increase in materials and supplies	**(2,183)**	(18,314)
Decrease in other current assets	**5,611**	2,985
Decrease in other assets and deferred charges	**2,225**	3,695
Decrease in accounts payable, deferred ticket revenue, and accrued expenses and other current liabilities	**(30,249)**	(11,226)
Decrease in other liabilities and deferred credits	**(24,927)**	(9,455)
Net cash used in operating activities	**(379,088)**	(385,921)
Cash Flows From Investing Activities:		
Purchases and refurbishments of property and equipment	**(343,392)**	(306,371)
Proceeds from disposals of property and equipment	**1,175**	904
Cash released from restricted proceeds of tax benefit sales	**26,887**	15,449
Cash from Union Station Redevelopment Corporation	**1,851**	2,137
Cash released from (designated for) Penn Station joint venture	**10,306**	(2,440)
Cash restricted for capital spending	**(47,274)**	—
Cash investments	**(2,958)**	(25,467)

For the Years Ended September 30,	1992	1991
	(Thousands of dollars)	
Proceeds from dispositions of cash investments	**6,122**	53,009
Other	**414**	—
Net cash used in investing activities	**(346,869)**	(262,779)
Cash Flows From Financing Activities:		
Proceeds from issuance of preferred stock	**504,300**	529,375
Proceeds from federal paid-in capital	**180,814**	35,891
Proceeds from federal and state capital payments	**24,358**	21,756
Proceeds from debt	**31,530**	23,000
Repayments of debt and capital lease obligations	**(10,344)**	(7,287)
Net cash provided by financing activities	**730,658**	602,735
Net increase (decrease) in cash and cash equivalents	**4,701**	(45,965)
Cash and cash equivalents—beginning of year	**30,937**	76,906
Cash and cash equivalents—end of year	**$ 35,638**	$ 30,937

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Changes in Capitalization

	Preferred stock	Common stock	Other paid-in capital	Accumulated deficit	Totals
	(Thousands of dollars)				
Balance at September 30, 1990	$ 6,616,414	$ 93,857	$ 3,750,187	$ (7,197,811)	$3,262,647
Issuance of preferred stock	529,375	—	—	—	529,375
Federal paid-in capital	—	—	180,689	—	180,689
Federal and state capital payments	—	—	22,445	—	22,445
Net loss	—	—	—	(721,588)	(721,588)
Balance at September 30, 1991	7,145,789	93,857	3,953,321	(7,919,399)	3,273,568
Issuance of preferred stock	504,300	—	—	—	504,300
Federal paid-in capital	—	—	331,014	—	331,014
Federal and state capital payments	—	—	—	21,605	21,605
Net loss	—	—	—	(711,780)	(711,780)
Balance at September 30, 1992	**$7,650,089**	**$93,857**	**$4,305,940**	**$(8,631,179)**	**$3,418,707**

The accompanying notes are an integral part of these consolidated statements.

Notes to Consolidated Financial Statements For the Years Ended September 30, 1992 and 1991

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements reflect the consolidated operations of the National Railroad Passenger Corporation, its wholly-owned subsidiaries Chicago Union Station Company (CUS) and Washington Terminal Company, and its 99% interest in 30th Street Limited, L.P. (TSL), beginning in 1992 (see Note 9). All significant intercompany transactions have been eliminated.

Passenger Revenue

Passenger fares are recognized as operating revenues when the related transportation services are furnished. Tickets which have been sold but not used are presented as "Deferred ticket revenue" in the Consolidated Balance Sheets.

Contracted Services

The Consolidated Statements of Operations include the gross revenues earned and expenses incurred under arrangements to operate various commuter rail services, to provide access to the Northeast Corridor and other Amtrak owned facilities, and to perform services for freight railroads.

Cash Equivalents and Short-Term Cash Investments

Amtrak considers all financial instruments purchased having a maturity of three months or less than to be cash equivalents. Those financial instruments purchased with a maturity of over three months, and which mature not more than one year from the Consolidated Balance Sheet date, are classified as short-term cash investments.

Materials and Supplies

Materials and supplies, which are stated at average cost, consist primarily of items for maintenance and improvement of property and equipment.

Property and Depreciation

Property and equipment are stated at cost, and are depreciated using the composite straight-line method over their estimated useful lives. Certain major items of property acquired through capital lease agreements are recorded as assets and are amortized over the shorter of their estimated useful lives of the lease term.

Casualty Losses

Provision is made for Amtrak's portion of the estimated liability for unsettled casualty and accident claims. The current portion of this liability is included in the Consolidated Balance Sheets under "Accrued expenses and other current liabilities." The non-current portion is classified as "Casualty reserves." As of September 30, 1992 and 1991, the current claims liability included in accrued expenses and other current liabilities was $53,100,000 and $51,100,000, respectively.

NOTE 2: FEDERAL AND STATE FUNDING

Funds are provided to Amtrak through federal and state payments for operations and for capital acquisitions and improvements. For funds received from the federal government, Section 304 of the Rail Passenger Service Act (45 U.S.C. 544) requires Amtrak to issue to the United States Secretary of Transportation preferred stock equal in par value to all federal operating payments and most federal capital payments received subsequent to October 1, 1981, as well as capital and certain operating payments received prior to that date. Public Law 102-388, approved on October 6, 1992, provides $700,100,000 in federal funds to Amtrak for fiscal year

1993, of which $331,000,000 is for operating purposes, and the balance for capital acquisitions and improvements.

Federal paid-in capital, included in the Consolidated Statements of Changes in Capitalization, includes certain funding received from the federal government to finance acquisition of and improvements to property and equipment in exchange for past and prospective funding. Amtrak issued two promissory notes to the United States. The first note matures on November 1, 2082, with successive 99-year renewal terms, and is secured by certain Amtrak rolling stock. The second note matures on December 31, 2975, and is secured by Amtrak's real property. Neither of the notes bears interest, unless prepaid (which Amtrak does not intend to do). The federal government's security interest in Amtrak's real property and certain rolling stock entitles it to repayment plus interest in the event Amtrak ceases operations, is acquired by another entity, or seeks relief under bankruptcy or insolvency laws. –

Federal paid-in capital also includes payments made on Amtrak's behalf by the Federal Railroad Administration (FRA). During the year ended September 30, 1992, the FRA deposited $150,200,000 with the Internal Revenue Service in payment of Amtrak's excess Railroad Retirement Tax Act tax liabilities, excess Railroad Unemployment Repayment Tax payments, and excess Railroad Unemployment Insurance Act payments.

NOTE 3: PREFERRED AND COMMON STOCK

At September 30, 1992, 78,160,000 shares of $100 par value preferred stock were authorized, of which 76,500,895 shares were issued and outstanding. On October 29, 1992, 1,038,200 shares of preferred stock were issued at par value, increasing the total number of shares issued and outstanding to 77,539,095. At September 30, 1991, 73,100,000 shares were authorized, of which 71,457,895 shares were issued and outstanding. All issued and outstanding preferred shares are

held by the Secretary of Transportation for the benefit of the federal government. Dividends are to be fixed at a rate not less than 6% per annum, and are cumulative so that no dividends may be paid on the common shares prior to the payment of all accrued but unpaid dividends on the preferred shares. No dividends have been declared. The preferred stockholder is also entitled to a liquidation preference over common shares involving a payment of not less than par value plus all accrued and unpaid dividends. Each share of preferred stock is convertible into 10 shares of common stock at the option of the preferred stockholder.

At September 30, 1992 and 1991, 10,000,000 shares of $10 par value common stock were authorized, of which 9,385,694 shares were issued and outstanding.

NOTE 4: BORROWING ARRANGEMENTS

Long term debt presented in the Consolidated Balance Sheets consisted of the following (in thousands):

	1992	1991
Equipment obligations	$ 87,658	$ 88,487
Lines of Credit	22,500	19,000
Bonds	30,000	—
Construction loan	26,225	—
UDAG	12,220	—
	$178,603	$107,487

Amtrak has entered into an agreement with a manufacturer for the construction of 140 passenger cars at a total estimated price of $400,000,000. Under the terms of a loan agreement with a third-party lender, Amtrak may borrow up to $340,000,000 in the form of advances made by the lender to the manufacturer towards the cars' construction. Interests on amounts advanced is being charged to Amtrak during construction and is payable quarterly. Principal repayments of all outstanding advances are due in 80 consecutive quarterly

installments commencing the earlier of when the last car is delivered or June 30, 1996. All amounts borrowed by Amtrak are secured by the finished passenger cars. Interest and related financing charges incurred by Amtrak are being capitalized during the construction period as a component of the cars' total cost. Interest capitalized during the years ended September 30, 1992 and 1991 totaled $8,234,000 and $3,641,100, respectively.

Amtrak has conditionally purchased 15 locomotives. The financed portion of each locomotive's purchase price plus accrued interest are due two years following the date of delivery and acceptance. Amtrak has the option at the end of this period to return any locomotive in lieu of paying the principal and accrued interest due. At September 30, 1992, no locomotives have been returned, and the related debt is secured by the locomotives.

Amtrak and CUS have $95,000,000 of unsecured lines of credit with banks expiring from December 1992 to March 1993, which are subject to certain conditions. Borrowings under these agreements bear interest based on the London Interbank Offered Rate (LIBOR), Eurodollar rate, certificate of deposit rates, prime rate, or rate offered by the lender. Amtrak pays various fees on its credit lines. At September 30, 1992, Amtrak and CUS had borrowed $52,000,000 under these agreements. $20,000,000 of these borrowings were repaid in October 1992.

Included in TSL's long-term debt at September 30, 1992 are $30,000,000 of Philadelphia Authority for Industrial Development tax-exempt private-activity bonds (Bonds) issued for the benefit of TSL's rehabilitation of 30th Street Station (Station) in the city of Philadelphia, Pennsylvania (City). The Bonds were issued on December 30, 1987, mature on January 1, 2011, and bear interest at a fixed or variable rate as stipulated in the bond indenture. Interest is payable until maturity at intervals determined under provisions in the bond indenture. No amortization of bond principal prior to maturity is required. Since the Bonds are subject to optional

tender by the bondholders, TSL has executed a Liquidity Facility which provides funds to purchase TSL Bonds surrendered under the optional tender provisions.

TSL has a construction loan agreement which at TSL's option bears interest at the LIBOR or the prime rate. Principal repayment is due in annual installments each April or be paid in full by November 17, 1998. The loan is secured by a leasehold mortgage on TSL's right and interest in the Station.

TSL has an obligation to the City under an Urban Development Action Grant (UDAG) loan agreement as of September 30, 1992. Principal is to be repaid in $130,000 annual installments each November 29th through 2011. The City's rights under the UDAG loan agreement are secured by a leasehold mortgage.

The UDAG loan bears no interest. The weighted average interest rate on all other borrowings was 6.4% per annum at September 30, 1992.

At September 30, 1992, scheduled maturities of long-term equipment and other debt over the next five years were as follows:

Year Ending September 30	Amounts (In Thousands)
1993	$37,516
1994	10,289
1995	9,800
1996	10,582
1997	11,437
Thereafter	136,495
	$216,119

NOTE 5: LEASING ARRANGEMENTS

Capital Leases

Amtrak leases items of equipment, primarily passenger cars and locomotives, under capital leasing arrangements. At

September 30, 1992 and 1991, the gross amount of assets recorded under capital leases was $220,070,000 and $189,955,000, respectively, with accumulated amortization of $35,502,000 and $24,055,000, respectively. At September 30, 1992, future minimum lease payments under capital leases were as follows:

Year Ending September 30	Amounts (In Thousands)
1993	$21,232
1994	19,646
1995	18,849
1996	21,167
1997	16,364
Thereafter	273,713
	370,971
Less amount representing interest	168,266
Present value of minimum lease payments at September 30, 1992	$ 202,705

Operating Leases

At September 30, 1992, Amtrak was obligated for the following minimum rental payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year:

Year Ending September 30	Amounts (In Thousands)
1993	$7,859
1994	7,659
1995	6,924
1996	6,345
1997	6,159
Thereafter	57,727
	$87,673

Rent expense for the years ended September 30, 1992 and 1991 was $24,034,000 and $25,287,000, respectively.

NOTE 6: CONTINGENCIES

Amtrak is involved in various litigation and arbitration in the normal course of business, including environmental clean-up matters. While the outcome of these matters cannot be predicted with certainty, it is the opinion of management and counsel that the disposition of these matters will not materially affect Amtrak's consolidated financial statements.

Amtrak has self-insured certain risks with respect to losses for third-party liability and property damage. Insurance coverage for liability losses from $25 million to $100 million is provided by insurance companies owned by Amtrak and various other railroads and transit authorities.

In October 1989, Amtrak commenced a lawsuit in federal court against a manufacturer of concrete ties. The complaint alleged premature deterioration of the ties requiring unusually early replacement. Amtrak reached a settlement with the manufacturer. In October 1992, Amtrak received an initial settlement payment of $5,000,000 and has a liquidated claim of $34,000,000 as an unsecured creditor in the manufacturer's bankruptcy proceedings.

NOTE 7: RETIREMENT BENEFITS

Pension Plan

Amtrak has a qualified noncontributory defined benefit retirement plan held in trust covering nonunion employees and certain union employees. Benefits are based on years of credited service, and the employee's average compensation during the five highest consecutive years. Amtrak's funding policy is to contribute annually the amount recommended by outside actuaries. Pension expense for 1992 and 1991 was $3,399,000 and $3,292,000, respectively. The following tables set forth the plan's funded status, amounts recognized in the Consolidated Balance Sheets at September 30, 1992 and 1991, and components of the net pension expense for 1992 and 1991 (amounts in thousands):

	1992	1991
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, including vested benefits of $52,688 and $48,805, respectively	$53,409	$49,545
Plan assets at fair value, primarily fixed income investments and listed stocks	$87,015	$80,505
Projected benefit obligation for service rendered to date	78,269	73,884
Plan assets in excess of projected benefit obligation	8,746	6,621
Unrecognized prior service cost being amortized over 11.8 years	5,697	6,386
Unrecognized net gain	(7,516)	(3,570)
Unrecognized net asset existing at October 1, 1986 being amortized over 11.6 years	(5,918)	(6,963)
Prepaid pension expense recognized in Consolidated Balance Sheets	$ 1,009	$ 2,474
Net Pension expense for 1992 and 1991 included the following components:		
Service cost—benefits earned during the period	$ 4,014	$ 4,259
Interest cost on projected benefit obligation	5,591	5,232
Actual return on plan assets	(6,908)	(3,431)
Net amortization and deferral	702	(2,768)
Net pension expense	$ 3,399	$ 3,292

The weighted average discount rate used in determining the projected benefit obligation was 8.0% in 1992 and 1991. The projected rate of increase in future compensation levels was 6.0% in 1992 and 1991. The assumed long-term rate of return on plan assets was 7.0% and 7.5% in 1992 and 1991, respectively. The unfunded accrued pension cost at September 30, 1986, is being amortized over the remaining average service life of plan members, and $1,743,000 and $2,051,000 net of amortization, is included under "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets at September 30, 1992 and 1991, respectively.

Other Postretirement Benefits

Amtrak provides certain of its retirees healthcare and life insurance benefits. Substantially all salaried employees may become eligible for these benefits if they reach retirement age while still working for Amtrak. These benefits are subject to copayment provisions and other limitations. The cost of these benefits is recognized as expense as claims are paid. The total cost of these postretirement benefits charged to income was $1,432,000 and $1,192,000 for 1992 and 1991, respectively.

In December 1990, the Financial Accounting Standards Board issued a new standard on accounting for postretirement benefits other than pensions. This new standard requires that the expected cost of these benefits must be charged to expense during the years that the employees render service. This is a significant change from Amtrak's current policy of recognizing these costs as expense when paid. Amtrak is required to adopt the new accounting and disclosure rules no later than the fiscal year beginning October 1, 1993, although earlier implementation is permitted. Amtrak may adopt the new standard prospectively or via a cumulative catch-up adjustment.

Due to the complexities of the new standard, management has not yet determined the effect that the change in accounting will have on Amtrak's reported financial position and results of operations. However, Amtrak has decided it will adopt the new accounting method by recording a cumulative

catch-up adjustment in the fiscal year beginning October 1, 1993. Management expects that the annual postretirement benefits expense computed in accordance with the new standard will be significantly greater than the annual cash payments.

NOTE 8: SALE OF TAX BENEFITS

Pursuant to provisions of the Economic Recovery Tax Act of 1981, Amtrak sold the rights to the tax benefits associated with certain qualified assets. Cash proceeds from these sales plus accrued interest are subject to certain restrictions, and therefore are presented as a non-current asset and deferred revenue in the Consolidated Balance Sheets. Revenue is recognized to the extent restrictions have been lifted, and funds released to Amtrak. For the years ended September 30, 1992 and 1991, Amtrak recognized revenue of $9,722,000 and $13,384,000, respectively, from these restricted funds.

NOTE 9: INVESTMENTS IN STATIONS

In 1988, Amtrak leased to the Long Island Rail Road Company (LIRR) certain space in Penn Station, New York City, for 99 years, with an automatic 99-year renewal term, along with the right to jointly use the Penn Station operating facilities for 99 years, for a total of $44,400,000. The space rental was accounted for by Amtrak as a sale. The resulting gain of $42,537,000, net of the book value of assets sold, was deferred, and is being recognized as income as expenditures are incurred by Amtrak as a participant under a concurrently executed joint venture agreement with LIRR and the Metropolitan Transportation Authority, to upgrade the Station's structure and centralize control of train movements in and around Penn Station. During the years ended September 30, 1992 and 1991, Amtrak recognized revenue of $6,599,000 and $8,102,000, respectively. As of September 30, 1992, Amtrak has expended $42,039,000 on the project as

required under the joint venture agreement. Future project costs in excess of $45 million will be borne by LIRR up to $90 million, as stipulated in the joint venture agreement. Any costs above $90 million will be shared equally between Amtrak and LIRR.

On April 22, 1992, the limited partners of TSL assigned to Amtrak their 99% partnership interest. Formed in 1987, TSL is engaged in the improvement and rehabilitation of real property leased by it from Amtrak and located at 30th Street Station in Philadelphia, Pennsylvania. Amtrak leases back the property from TSL and, beginning in 1992, consolidates the partnership in the Amtrak consolidated financial statements. The primary impact of the transaction is that approximately $64,318,000 of net fixed assets and $73,284,000 of debt (see Note 4) are now included in Amtrak's Consolidated Balance Sheets.

NOTE 10: SPECIAL CHARGES

During fiscal year 1991, Amtrak incurred special charges of $27,165,000 for a major cost-reduction effort that resulted in a 10% reduction in management positions, the closing of a cogeneration facility, and the divestiture of a commuter rail car assembly contract. The charges were composed mainly of early retirement and voluntary separation incentive payments, operating and contract losses, termination, and other costs.

NOTE 11: SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended September 30, 1992 and 1991, Amtrak engaged in the following investing and financing activities that affected recognized assets, liabilities, and capitalization, but did not result in a change in cash and cash equivalents (amounts in thousands):

	1992	1991
• Obligations incurred in connection with progress payments made by a third party lender on Amtrak's behalf for the construction of passenger cars	$ 1,859	$ 85,310
• Expenditures made for projects along the Northeast Corridor from funds established specially for those purposes	$ 13,117	$ 16,204
• Capital lease obligations incurred in connection with the leasing of new equipment	$ 31,873	
• Obligation incurred in connection with the purchase of locomotives	$ 489	$ 3,177
• Federal paid-in capital from Federal Railroad Administration payment of retirement and unemployment taxes	$150,200	$144,798

As mentioned in Note 9, the limited partners of TSL assigned to Amtrak their 99% partnership interest in a non-cash transaction.

Cash interest of $17,014,000 and $13,109,000 was paid during the years ended September 30, 1992 and 1991, respectively.

* * *

PLAINTIFF'S EXHIBIT 65

NATIONAL RAILROAD PASSENGER CORPORATION
MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS
February 27, 1991

The Board of Directors of the National Railroad Passenger Corporation held its regular meeting at the offices of the Corporation located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Wednesday, February 27, 1991 beginning at 9:58 a.m.

Board members Haley R. Barbour; W. Graham Claytor, Jr.; Eugene R. Croisant; Governor Tommy G. Thompson; Darrell M. Trent; Paul M. Weyrich; and Gilbert E. Carmichael, FRA Administrator, representing the Secretary of Transportation, attended the meeting.

Ronald R. Fiedler, alternate for Governor Tommy G. Thompson also attended the meeting.

John F. Cikota and Arrigo P. Mongini from the Federal Railroad Administration (FRA) also attended the meeting.

Mr. Claytor presided as Chairman; Mrs. Bass served as Secretary.

At the Board's request, members of Amtrak's Management Committee, Charles W. Hayward; Harold R. Henderson; William S. Norman and Dennis F. Sullivan joined the meeting.

Resolutions Authorizing the Granting of Systemwide Indoor and Outdoor Advertising Licenses to Transportation Displays, Inc. (TDI)

Mr. Barbour directed the Board's attention to resolutions authorizing the granting of systemwide indoor and outdoor advertising licenses to Transportation Displays, Inc. (TDI). Following discussion, upon motion made by Mr. Barbour and seconded by Governor Thompson, the Board voted to approve the following resolution:

WHEREAS, Transportation Displays Incorporated, (TDI) currently holds licenses dated December 8, 1986 and December 1, 1985, from the Corporation to utilize the Corporation's property for commercial outdoor and indoor advertising purposes; and

WHEREAS, representatives of the Corporation and TDI have reached an agreement in principle whereby the Corporation will grant TDI a renewal of those licenses; and

WHEREAS, the Corporation's revenues are projected to increase by a minimum of $500,000 annually; be it

RESOLVED, That the Corporation is authorized to enter into license agreements with TDI and execute such other documents as may be necessary in order to grant such licenses; and

FURTHER RESOLVED, That the Vice President, Real Estate and Operations Development, is authorized to execute any and all documents on behalf of the Corporation that are required in order to grant such licenses.

Adjournment

There being no further business before the Board, the meeting was adjourned at 11:17 a.m.

/S/ JANE E. BASS
Jane E. Bass
Assistant Corporate Secretary

PLAINTIFF'S EXHIBIT 66

AMTRAK

1976 AMTRAK ANNUAL REPORT

Submitted on February 15, 1977, to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives, pursuant to Sections 308 and 805 of the Rail Passenger Service Act, Public Law 91-518, as amended.

* * *

In 1976, Amtrak's fiscal year was changed, pursuant to Public Law 94-25, to end on September 30 to coincide with the fiscal year adopted by the federal government. Previous annual reports encompassed the calendar year. In order to provide comparable 12-month periods, the months of October through December 1975 are included in both calendar 1975 and fiscal 1976 data.

* * *

PRESIDENT'S REPORT

I am pleased to report that 1976, the year of this country's Bicentennial, was a year of historic proportions for Amtrak, the National Railroad Passenger Corporation.

In 1976 Amtrak became a full-fledged member of the railroad community when, on April 1, it took over direct control of trains and track forces, dispatching, signaling and maintenance of the high-speed Northeast Corridor from Washington, D.C. to Boston, Massachusetts. This acquisition from Conrail, in accordance with the provisions of public law, was the result of long planning and coordinated preparation. Not only did this conveyance double the size of our organization but it added many responsibilities not previously the concern of Amtrak, including the management and direction

of train operations—passenger, commuter and freight—in the most complex railroad region in North America.

Continuing the good progress which I was able to report to you in 1975, after my first ten months with Amtrak, I have witnessed a growing satisfaction on the part of the public with Amtrak.

At the same time, from some areas, 1976 was a year of contention. Many people, some of them in high office, have evidenced impatience and concern over Amtrak. They seem not to realize that an organization with a Congressional mandate to provide rail passenger service on a nationwide basis must begin with a very large infrastructure. Amtrak is this country's first nationwide railroad and it is a developing system. To produce sufficient revenue to cover costs, Amtrak must develop its earning capacity and earning capacity is the product of its passenger cars, trains and their effective utilization. We are doing something about this, but that takes time and money.

During 1976, we have demonstrated what can be done. For example, new Amfleet trains replaced older conventional equipment and with state participation one new train was added on the San Diego-Los Angeles route. Ridership and passenger acceptance rose significantly. In December 1976, we carried 40,972 passengers on that route compared to 22,904 in December 1975, for an increase of 79 per cent. It must be noted that this increase was achieved with new cars and frequency adjustment alone.

Similar increases have been achieved in the same manner in the Pacific Northwest and in Michigan. In all of these places we have been able to demonstrate positively that the business is there. The American public likes to ride trains. In fact, the American public appears to be more ready for trains than most people have thought. They want good trains and we will give them what they want.

Almost 400, out of a total order of 492, of the new Amfleet cars are in service as of the end of calendar 1976. We have an additional 284 Amtrak-designed and Pullman-built bi-level

cars on order for delivery beginning in the summer of 1977 for western service. These new cars will make up the finest trains ever seen in this country.

These new cars are a great asset. They are more reliable and comfortable and they make it possible for our on-board employees to provide better service. We like these new cars because they have more seating capacity and that means more earning capacity. All of this looks better on the bottom line.

This year was notable because of that factor. Although these new cars came in as inventory replacements for old cars and did not increase total fleet numbers, they did produce the beginning of an upward trend in earnings. We saw a substantial ridership increase in 1976. We handled more than one and one quarter million additional riders in calendar 1976 over 1975 and revenues were up slightly over 13 percent, an increase of $34 million. In other words, new equipment and small, but highly successful, frequency improvements have brought about financial improvements forecasting better things ahead. Speed improvements must await track improvements. All of this will do more to moderate the fears of our critics than anything else. We all want to see Amtrak close the gap between costs and revenues and reduce the call upon federal funds.

This is the meaning of the enthusiasm for the Northeast Corridor project. It will produce dollars. A June 1976 report from Peat, Marwick & Mitchell forecast 31 million rail passengers in the NEC by 1990, about a threefold increase with estimated gross revenues of $300 million. I believe this to be a modest and conservative estimate judging from what I have learned during my recent travels to Europe and Japan. We know there are many eligible corridors in this country where the same potential exists.

In terms of the long history of railroads in America, Amtrak is very young, but now Amtrak is much more certain of where it is going and what must be done to get there. Congress and the Administration sensed correctly the mood of the people when they created Amtrak. What has happened in those intervening years is summed up in this report. it makes an interesting and, may I add, an encouraging commentary on the benefits of public and private cooperative enterprise.

Nowhere is this better demonstrated than in the membership of the Amtrak Board of Directors. Without their hard work, understanding and guidance, this task would be impossible. And sometimes when all of us thought we had encountered something really difficult, we found strength in the support of the Congress and the American public. We are all dedicated to the promise of making the Amtrak concept a success.

/s/ Paul H. Reistrup

1976 HIGHLIGHTS

1976 was a milestone year for Amtrak, one that made the Corporation an operating railroad for the first time in its history and put over 75 percent of its short-distance passengers into new train equipment.

With the takeover of the Northeast Corridor, Amtrak was soon dispatching its own trains between Boston and Washington and maintaining its own track and equipment.

* * *

Ridership Grows

* * *

Amtrak's station program included restoration, refurbishment and new construction. Substantial projects were under way or completed as stations across the country, and additional plans to upgrade smaller city stations this coming year, with matching fund programs for local governments, were announced.

Takeover Of Maintenance Facilities

As part of a steady move toward independence, Amtrak took into its own hands a much larger share of responsibility

for maintenance, repair and overhaul of its rolling stock. Control was assumed of major maintenance facilities in Chicago, Detroit, Buffalo and cities in the Corridor. Ground was broken for a $14.8 million maintenance base at Rensselaer, New York.

* * *

NORTHEAST CORRIDOR

With the acquisition of the Northeast Corridor from the Consolidated Railroad Corporation (Conrail), Amtrak acquired property consisting of 456 routes miles from Boston to Washington, 62 miles from New Haven to Springfield, Massachusetts, and 103 miles from Philadelphia to Harrisburg, for a total of 621 route miles.

The Corridor continued to be operated for the most part by Conrail employees under contract to Amtrak after takeover until agreements could be negotiated between Conrail, Amtrak and the various labor organizations.

Acquisition of the new employees was done by direction of Public Law 94-210 (RRRR Act) which directed that Contrail transfer the Corridor to Amtrak "by purchase or lease" and that Amtrak shall within 180 days after enactment ". . . assume (1) all operational responsibility for intercity rail passenger services . . . and (2) control and maintenance of the properties transferred." The law also said that Amtrak, as an acquiring railroad ". . . shall offer such employment . . . to employees of a railroad from which it acquires properties or facilities (including operating rights) pursuant to this Act."

The first labor contracts negotiated were with the maintenance of way and signalmen's organizations and a total of 1,704 people were transferred to Amtrak by mid-summer. Further labor negotiations resulted in Amtrak assuming 262 train dispatchers, movement directors and power directors, plus almost 2,000 clerical craft employees. An additional 877 employees were acquired through contracts covering tower and block operators, station personnel and policemen.

Approximately 2,600 employees in the maintenance of equipment department had been employed by Amtrak prior to the April 1 takeover of the Northeast Corridor. By September 30, 1976, over 7,600 people were employed by Amtrak in the Corridor, including management personnel.

The last major labor organization contract yet to be negotiated is for train and engine personnel. The contract for this group, numbering about 1,300 people, is expected to be signed sometime in early 1977.

In addition to the right-of-way from Boston to Washington, Amtrak also purchased, as part of the Corridor acquisition, 128 railroad stations plus numerous maintenance shops and yards at key points along the route. These shops not only perform work on Amtrak equipment but do contract work for Conrail and several transportation agencies.

The Corridor is responsible for an average of 960 trains a day, including over 120 Amtrak intercity passenger trains, nearly 660 commuter trains operated under contract for transportation authorities in Massachusetts, New Jersey, Pennsylvania and Maryland, and more than 170 Conrail freight and mail trains.

Emergency track work in the Corridor totaled $6.3 million, while an additional $2.1 million was spent for station rehabilitation. Those funds were made available by the U.S. Department of Commerce for exterior and interior refurbishing of stations in Baltimore, Wilmington, 30th Street Station Philadelphia, Newark, New London, New Haven, Providence and Boston's South Station. Major station renovations totalling $115 million are scheduled to be done under the Northeast Corridor Improvement Project.

FINANCE

Enactment of the Railroad Revitalization and Regulatory Reform Act of 1976 (RRRR Act) demonstrated continued strong federal support of intercity rail passenger service and is the most significant legislation in Amtrak's history.

Following the provisions of this Act, Amtrak acquired ownership and control the Northeast Corridor on April 1, 1976. With this action Amtrak became, for the first time, a fully operating railroad, with control over train movements, construction and railway maintenance activities, and the performance of railroad operating and maintenance activities for the benefit of Conrail and commuter agencies. The RRRR Act also provided for major federal assistance over five years to rehabilitate and improve the acquired properties.

The Congress continued to support rail passenger service with authorizations and appropriations for operations and capital improvements. To minimize the amount of assistance required, while at the same time providing a high quality of service on a nationwide system, management continued its aggressive cost reduction program which was initiated in 1975.

In 1976, Amtrak's fiscal year-end for accounting purposes was changed, pursuant to Public Law 94-25, from December 31 to September 30 to coincide with the fiscal year adopted by the federal government and used in providing federal assistance to the Corporation.

Accordingly, operating changes, discussed in this financial section and shown in the accompanying graphs, reflect comparisons of calendar years through 1975 and the fiscal year ended September 30, 1976. In order to provide comparable 12-month periods, the months of October through December 1975 are included both in 1975 and in fiscal 1976. Operating results for fiscal 1976 include the effects of ownership and control of the Northeast Corridor for six months.

* * *

Revenues

Overall revenue for the Corporation has increased from $163 million in 1972 to $278 million in 1976, for an average annual increase of 15 per cent. This has been accomplished in spite of a temporary decline during the recent recession and

is a dramatic reversal of the continuing downward trend in rail ridership during the decades that preceded Amtrak's inception.

Expense

In 1976, total expenses amounted to $719 million. Approximately 60 percent of this amount was required for salaries and fringe benefits to Amtrak and railroad personnel, with the remaining 40 percent attributable to fuel, materials, interest, depreciation and other expenses. With the assumption of ownership and operation of the Northeast Corridor, Amtrak expenses in the last six months of 1976 reached a new plateau. Establishment of a Northeast Corridor management organization, along with the costs related to ownership of the properties, is expected to increase Amtrak's operating expense levels by approximately $75 million annually.

The impact of inflation continued to widen the gap between actual and constant 1972 dollars.

Operating Deficit

In spite of a 10 percent increase in revenue over 1975, the increase in expenses of 19 percent resulted in a rise in the deficit from $353 million in 1975 to $441 million in 1976. Besides inflation and the ownership and operation of the Northeast Corridor, the increase in expenses, which led to the higher deficit, resulted from addition of new routes and services, and continuing increases in the cost of equipment maintenance and overhaul.

Inflation

Although there was some moderation of the impact of inflation in 1976 as compared to the prior year, these first years of the Corporation's operation have been heavily burdened by wage and price increases. Over 66 percent of the inflation since 1960 has taken place in just the last five years when Amtrak's formation and growth required heavy financial

investment to overcome decades of neglect. Revenue through fare increases could not reasonably be expected to offset the rate of cost growth.

Route Profitability System

In 1976, major improvements to the Route Profitability System was developed. This system is designed to report regularly to the Congress on the financial performance of each train and route in Amtrak's nationwide network. It provides information that is essential in the application of the Route Criteria and Procedures for Evaluating Routes which were adopted by the Congress in March 1976.

Capital Funding

The RRRR Act authorized federal assistance for the acquisition and improvement of properties in the amount of $1.89 billion, with established goals to be met within five years. This is in addition to some $1.1 billion of financing authority provided to date for equipment acquisitions and other capital improvements, and represents a milestone in federal support of intercity rail passenger operations.

* * *

Station Services/Mail, Baggage and Express

* * *

Amtrak also conducted a joint station upgrading program with New York State which included eight stations on the Empire Service route. In cooperation with the State of Illinois, 21 existing stations were rehabilitated on lines between Chicago and Dubuque, Chicago and Galesburg, and Chicago and Springfield.

* * *

PERSONNEL AND ADMINISTRATION

* * *

Security and Loss Prevention

With the inception of the Amtrak Northeast Corridor Railroad Police Program, the Corporation now has over 325 police officers, 77 of whom are serving outside of the Corridor, the balance within it.

During the fiscal year, 3,053 criminal cases were investigated and 501 special security-related investigations conducted, along with 1,036 spot inspections of trains in terminals. On 271 occasions, liaison contact was established with other law enforcement and regulatory agencies. As a result, 133 arrests and prosecutions were made by Amtrak, 45 disciplinary hearings initiated, and 366 cases referred to local, state and federal agencies for appropriate action.

* * *

GOVERNMENT AFFAIRS

State-Supported Services

Rail passenger services provided under section 403(b) of the Rail Passenger Service Act continued to be a major factor in the growth of Amtrak operations. One additional round trip between Los Angeles and San Diego, sponsored by California, joined 11 existing services operated in cooperation with the States of New York, Michigan, Illinois, Minnesota and California, plus several additional trains operated for the Southeastern Pennsylvania Transportation Authority (SEPTA). The State of Nevada also sponsored a weekend special between Los Angeles and Las Vegas during the summer months. Proposals for additional trains are pending from Pennsylvania, Michigan, Illinois, Florida, Missouri, California, two local agencies in Northeastern Pennsylvania and the County of Los Angeles.

Route Development

1976 saw the application of local financing and planning to major upgrading of right-of-way and track conditions. New York, Michigan and California have committed major investments to routes within their states. Participation of state and local agencies will be one of the most important factors in setting priorities for future expansion and improvement of emerging rail passenger corridors.

State and Local Cooperation

Amtrak has announced a $1 million joint station improvement program. This program provides for Amtrak matching funds to communities which desire to upgrade their rail passenger stations. The program, stressing local initiative, is also designed to allow smaller communities to compete, for the first time, on an equal basis with large rail passenger hubs for the limited capital available for station projects.

Grade Crossing Projects

Amtrak is continuing its pilot program for grade-crossing safety improvements in cooperation with state and local governments and the various railroads. The program involves driver and public education as well as installation or improvement of warning devices at crossings. A $1 million matching program was established in 1976 for specific crossing improvements and a similar amount has been budgeted for 1977.

The program focuses on improvements that can eliminate or modify train speed restrictions while increasing safety for motorists as well as Amtrak passengers. The first major project to show results was at Michigan City, Indiana, where a speed restriction has already been lifted. Flashing lights and gates are to be installed at four crossings in the city.

Joint education programs are already underway in Florida and Illinois while six regional grade-crossing pilot programs are in development. The regional projects will assess

improvements needed over an entire route or segment of a route, rather than on a crossing-by-crossing basis.

LEGAL

The major effort of the legal department during the first quarter of 1976 was directed towards acquisition of the rights-of-way, fixed plant and other facilities of the Northeast Corridor. Under the Regional Rail Reorganization Act of 1973, these had been designated for conveyance, first, from the Trustees of the Penn Central Transportation Company to the Consolidated Rail Corporation (Conrail) and then from Conrail to Amtrak.

Amtrak entered into an agreement, dated March 31, 1976, to purchase the Northeast Corridor properties from Conrail at a price equal to the price paid to Penn Central by Conrail, plus Conrail's cost of conveyance. Funds for the acquisition were authorized by Congress under the Railroad Revitalization and Regulatory Reform Act of 1976. Under that Act, as amended subsequent to its initial enactment, the funds have been secured by a note of indebtedness and mortgage lien on the properties running to the Secretary of Transportation. Both the note and the lien, however, are without prejudice to Amtrak's statutory right to acquire, hold, deal with and dispose of the properties.

Claims Responsibilities

The acquisition broadened the Corporation's legal responsibilities, including assumption of responsibility for administering third party liability claims against Amtrak in the Northeast Corridor. These were formerly administered by Penn Central under contract to Amtrak. The contract in question was assigned to Conrail on April 1, 1976, and will expire on February 10, 1977. Outstanding claims, and those arising subsequently, will then be administered directly by the Corporation.

Outstanding claims increased from 1,114 as of January 1, 1976, to 1,344 as of September 30, 1976. In addition, third party claims involving trespassers, which were formerly the responsibility of Penn Central as owner of the Northeast Corridor, are now the responsibility of Amtrak. Furthermore, a substantial increase in the number of Federal Employers Liability Act (FELA) claims administered by the Corporation has occurred and may be expected to continue to increase as the result of an approximate doubling of the number of personnel directly employed by Amtrak. The number of outstanding FELA claims increased from 1,873 as of January 1, 1976, to 3,767 as of September 30, 1976.

As part of the reorganization of bankruptcy railroads under the 1973 and 1976 legislation, the Corporation has also acquired 50 per cent of the stock ownership of both the Washington Union Terminal and the Chicago Union Station Company.

New Orleans Union Passenger Terminal

Also, under the Rail Passenger Service Act's mandate "to operate and control all aspects of its rail passenger service to the extent practicable," the Corporation now directly operates and controls all passenger-related services at New Orleans Union Passenger Terminal. The Corporation is currently negotiating assumption of control of the remaining operational and maintenance services at New Orleans, including maintenance of way and maintenance of equipment.

Exemption Petitions

In Interstate Commerce Commission matters, it continues to be necessary to file petitions for exemptions from the Commission's regulations governing adequacy of service where compliance would not be feasible for either economic or practical reasons. In 1976, fourteen such petitions were granted and none denied. The Corporation is also currently contesting a Commission decision defining terms and conditions of compensation and service for operating its trains over the Texas and Pacific Railway. In the Corporation's opinion, those terms and conditions would result in unacceptably slow schedules at substantially increased costs. The conditions could also give rise to similar adverse effects with operating services provided by other contracting carriers.

The Corporation was successful in obtaining rulings from the U.S. Customs Service to permit the importation of the Swedish and French locomotives for experimental purposes without payment of duty.

Penn Central Suit

During the period of this report litigation against the Trustees of the Penn Central Transportation Company has continued in order to obtain restoration of 360 miles of the main line track in Amtrak's basic system which traverses the entire state of Indiana. In 1974 this main line route, which acts as a major connecting link between Chicago and Cincinnati and between Chicago and Florida, was abandoned for passenger service because of neglect of maintenance. Since then, Amtrak trains have been required to detour over slow freight tracks in order to provide the passenger services required by the Rail Passenger Service Act.

In 1975 the United States District Court for the Southern District of Indiana entered a judgment against the Trustees directing them to restore these 360 miles of line at their own cost by January 1, 1978. The Trustees have appealed this judgment claiming that the Regional Rail Reorganization Act of 1973 has excused them from this obligation. To enforce the Indiana District Court judgment, Amtrak petitioned the Penn Central Bankruptcy Court for an order directing the Trustees to comply with the judgment. This petition was denied and the matter is now on appeal in the United States Court of Appeals for the Third Circuit.

* * *

NATIONAL RAILROAD PASSENGER CORPORATION

BALANCE SHEET

SEPTEMBER 30, 1976 and DECEMBER 31, 1975

Assets

	1976	1975
	(Thousands of dollars)	
Current assets:		
Cash	$ 7,144	$ 3,296
U.S. Government securities, at cost	7,500	17,500
Accounts receivable—		
Customers and other	29,336	17,510
Federal grants (Note 4)	2,431	–
Materials and supplies, at average cost	43,039	23,509
Prepayments and deposits	729	495
	90,179	62,310
Property and equipment (Note 5):		
Passenger cars and locomotives	653,374	473,291
Northeast Corridor (Note 9)	86,366	–
Other	26,248	18,370
	765,988	491,661
Less Accumalated depreciation and amortization	(40,638)	(26,910)
	725,350	464,751
Other assets:		
Long-term advances to railroads	6,810	6,665
Other	3,911	4,575
	10,721	11,240
Total assets	$826,250	$538,301

Liabilities and Capitalization

	1976	1975
	(Thousands of dollars)	
Current liabilities		
Due to banks	$ 12,866	$ –
Accounts payable	39,976	28,620
Railroad operations, net (Note 2)	36,403	7,206
Current portion of capitalized lease obligations	6,320	3,604
Current prtion of mortgage note payable (Note 9)	10,797	–
Accrued expenses	44,521	23,167
Deferred ticket revenue (Note 3)	1,485	3,478
	152,368	66,075
Long-term debt (less current portion (Notes 5 and 9)		
Notes payable, 5.55% to 8.31%	533,300	377,750
Capitalized lease obligations	127,171	103,530
Mortgage note payable	75,569	–
	736,040	481,280
Capitalization (Notes 4 and 7)		
Preferred stock, $100 par value, 1,000,000 shares authorized	–	–
Common stock, $10 par value 40,000,000 shares authorized, 9,385,694 shares outstanding	93,857	93,857
	93,857	93,857

	1976	1975
	(Thousands of dollars)	
Accumulated operating losses before Federal operating grants	(1,368,806)	(1,026,233)
Less-Federal operating granst	1,095,345	817,900
	(273,461)	(208,333)
Federal capital grants	14,524	2,500
Railroad capital payments	102,922	102,922
	117,466	105,422
Total capitalization	(62,158)	(9,054)
Total liabilities and capitalization	$826,250	$538,301

The accompanying notes are an integral part of this balance sheet.

NATIONAL RAILROAD PASSENGER CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION
For the years ended September 30, 1976 and December 31, 1975

	1976	1975
	(Thousands of dollars)	
Operating revenues (Note 3)	$ 277,769	$ 252,697
Operating expenses (Notes 2, 5 and 8):		
Maintenance of way and structures	21,692	12,185
Maintenance of equipment	177,102	134,964
Traffic	35,47	126,840
Transportation	245,763	224,784
Dining and buffet service	52,599	50,450
General	68,931	65,272
Taxes on payroll and property	57,968	46,139
Facilities and equipment rents	6,268	6,349
Total operating expenses	665,794	566,983
General and administrative expense	20,015	16,566
Interest expense	36,391	27,591
Capitalized interest on advances for equipment in production (Note 6)	(6,706)	(5,911)
Total expenses	715,494	605,229
Operating loss before Federal operating grants and Northeast Corridor interest	(437,725)	(352,532)
Northeast Corridor interest (Note 9)	3,618	—
Operating loss before Federal operating grants (Note 4)	$(441,343)	$(352,532)

STATEMENT OF ACCUMULATED OPERATING LOSSES AND FEDERAL OPERATING GRANTS
For the year ended December 31, 1975 and
nine months ended September 30, 1976

	Accumulated operating losses before Federal grants	Federal operating grants (Note 4)	Net
	(Thousands of dollars)		
Balance January 1, 1975	$ (673,701)	$ 472,600	$(201,101)
Operating loss and Federal operating grants for the year ended December 31, 1975	(352,532)	345,300	(7,232)
Balance December 31, 1975	(1,026,233)	817,900	(208,333)
Operating loss and Federal operating grants for the nine months ended September 30, 1976	(342,573)	277,445	(65,128)
Balance September 30, 1976	$(1,368,806)	$1,095,345	$(273,461)

The accompanying notes are an integral part of these statements.

NATIONAL RAILROAD PASSENGER CORPORATION
STATEMENT OF CHANGE IN FINANCIAL POSITION
For the years ended September 30, 1976 and
December 31, 1975

	1976	1975
	(Thousands of dollars)	
Uses of funds:		
Operating loss before Federal operating grants	$441,343	$352,532
Depreciation and amortization (Note 5)	(20,995)	(14,116)
Total cash used for operations	420,348	338,416
Purchase of Northeast Corridor (Note 9)	86,366	—
Other purchases and refurbishments of property	265,171	198,228
Increase in materials and supplies	23,326	13,606
Increase (decrease) in accounts receivable	15,972	(3,277)
Increase (decrease) in other assets	(874)	804
Increase in long-term advances to railroads	145	—
Total uses of funds	810,481	547,777
Sources of funds:		
Notes payable (Note 5)	206,300	156,850
Increase in amount due banks	3,676	—
Federal grants (Note 4)	391,838	346,800
Mortgage note payable (Note 9)	86,366	—

	1976	1975
	(Thousands of dollars)	
Increase in accounts payable and accrued expenses	81,856	25,446
Capitalized lease obligations (Note 5)	41,255	29,301
Other decrease (increase) in working capital	(889)	1,149
Total sources of funds	810,402	559,546
Increase (decrease) in cash and U.S. Government securities	$ (79)	$ 11,769

The accompanying notes are an integral part of this statement.

NATIONAL RAILROAD PASSENGER CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 1976 and December 31, 1975

(1) Change in Fiscal Year—

In 1976 the Corporation's fiscal year-end for accounting purposes was changed pursuant to P.L. 94-25 from December 31 to September 30 to coincide with the year adopted by the Federal government and employed in providing Federal assistance to the Corporation. A year-end of December 31 will continue to be used for reporting to the Interstate Commerce Commission.

(2) Adjustments to Railroad Reimbursements—

Amounts due the contracting railroads are recorded by Interstate Commerce Commission account classification based on reported and estimated expenses, which are subject to audit and adjustment by the railroads and the Corporation. The Corporation's continuing program for auditing monthly costs reported by railroads has resulted in numerous adjustments proposed and settled or under current negotiation. The estimated recovery of proposed adjustments was $8,174,000 at September 30, 1976 and $14,796,000 at December 31, 1975.

(3) Transportation Revenue—

Passenger fares are recorded as operating revenue when the transportation is furnished. Estimated unused tickets are reflected in the financial statements as deferred ticket revenue at selling price.

(4) Federal Funding—

Funds are provided to the Corporation through Federal grants to offset operating losses and for capital acquisitions. Such grants are reflected in the financial statements as they

are released to the Corporation by the Department of Transportation. Such releases are based primarily on projected cash flow of the Corporation. Federal capital grants released to the Corporation were $12,024,000 in the nine months ended September 30, 1976, and $1,500,000 in the year ended December 31, 1975. Federal grant funds appropriated, but not requisitioned, were $702,631,000 at September 30, 1976 and $255,200,000 at December 31, 1975.

(5) Property and Equipment and Related Debt—

The Corporation is authorized to borrow or enter into lease obligations for equipment and other capital purposes for up to $900,000,000 with such obligations being guaranteed by the United States Government. Based upon this authorization, substantial commitments have been made for capital equipment. The Corporation's interest in rolling stock has been assigned to the United States Government as security in connection with the guaranty of debt. Notes payable have been classified as long-term debt in the accompanying financial statements, based on a commitment from the Federal Financing Bank to refinance the obligations for periods extending at least until October 1, 1977. See Note 9, "Northeast Corridor," for information concerning the mortgage note payable.

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives. Depreciation expense was $20,995,000 in the year ended September 30, 1976 and $14,116,000 in the year ended December 31, 1975. Certain major items of property acquired through lease agreements are recorded as assets and are depreciated over their estimated useful lives. Substantially all such leases are for 15-year periods beginning in 1973 through 1976.

(6) Capitalized Interest on Advances for Equipment in Production—

The Corporation's policy is to capitalize interest on advances for equipment in production to properly reflect the total cost thereof. The rates used to calculate interest correspond to the rates paid for capital funds.

(7) Capital Stock—

In October 1976, the Board of Directors approved a reduction, subject to the approval of the President of the United States of America, of the authorized but unissued preferred stock from 1,000,000 shares to 10,000 shares and of the common stock from 40,000,000 shares to 10,000,000 shares.

(8) Pension Plan—

The Corporation has a fully funded noncontributory retirement plan covering nonunion employees. Provisions for pension costs were $1,214,000 in the year ended September 30, 1976 and $889,000 in the year ended December 31, 1975.

(9) Northeast Corridor—

In 1976, in connection with the United States Railway Association's Final System Plan, the Corporation acquired the properties of the Northeast Corridor from Consolidated Rail Corporation (Conrail) for $86,366,000 payable in eight annual installments and secured by a mortgage on the properties. During each year beginning October 1, Conrail has the right to offset freight service payments due the Corporation in an amount up to two annual installments on the mortgage note, plus interest. Interest on this note is from 7_% to 10% depending upon triple A bond rates and is to be funded from the appropriation described below.

The Railway Revitalization and Regulatory Reform Act of 1976, as amended, authorized an appropriation of $120,000,000 for the Corporation to acquire the properties of the Northeast Corridor. In this connection, the Corporation

has agreed to issue a mortgage note payable in 2975 to the Federal Government equal to the amounts to be expended for the acquisition and improvement of the properties acquired pursuant to the above Act. As of September 30, 1976, a total of $1,890,000,000 was authorized to be appropriated for these purposes.

* * *

PLAINTIFF'S EXHIBIT 68

United States Railway Association

Final
System Plan

Volume 1

VOLUME I (Parts I and II)

United States Railway Association
FINAL SYSTEM PLAN
for restructuring
Railroads in the Northeast and Midwest Region
pursuant to the
REGIONAL RAIL REORGANIZATION ACT OF 1973

JULY 26, 1975

UNITED STATES RAILWAY ASSOCIATION

BOARD OF DIRECTORS

The approval, adoption and release of this Final System Plan is an act of the Association's entire Board. In joining in this act, not every member of the Board necessarily concurs in every statement or determination in the report.

Arthur D. Lewis, *Chairman*

Gale B. Aydelott
Chairman and President, Denver & Rio Grande Western Railroad
Recommended by the Association of American Railroads

Frank H. Blatz, Jr.
Attorney, Former Mayor of Plainfield, New Jersey
Recommended by National League of Cities and U.S. Conference of Mayors

James E. Burke
Vice President, United Transportation Union
Recommended by American Federation of Labor and Congress of Industrial Organizations

William T. Coleman, Jr.
Secretary of Transportation
Represented by John W. Barnum
Deputy Secretary of Transportation

Samuel B. Payne
Former President, Morgan Stanley & Co. Incorporated
Recommended by the financial community

William W. Scranton
Former Governor of Pennsylvania
Recommended by National Governors' Conference

Charles B. Shuman
Former President, American Farm Bureau
Recommended by shippers and organizations representing shippers

William E. Simon
Secretary of the Treasury
Represented by Edward C. Schmults
Under Secretary of the Treasury

William K. Smith
Vice President, General Mills, Inc.
Recommended by shippers and organizations representing shippers

George M. Stafford
Chairman of the Interstate Commerce Commission

President

Edward G. Jordan *(1974 to July 8, 1975)*

James A. Hagen *(July 9, 1975 to present)*

The Board expresses its appreciation to the following duly authorized representatives who participated in many of the Board's deliberations:

Rodney Eyster, *General Counsel, Department of Transportation (1974 to June 30, 1975)*

Fritz R. Kahn, *General Counsel, Interstate Commerce Commission*

United States Railway Association
2100 Second Street, S.W.
Washington, D.C. 20595

July 26, 1975

Honorable Nelson A. Rockefeller
President of the Senate
Washington, D.C. 20510

Honorable Warren G. Magnuson
Chairman, Committee on Commerce
U. S. Senate
Washington, D.C. 20510

Honorable Carl B. Albert
Speaker of the House of Representatives
Washington, D.C. 20515

Honorable Harley O. Staggers
Chairman, Committee on Interstate and Foreign Commerce
U. S. House of Representatives
Washington, D.C. 20515

Dear Sirs:

The Board of Directors of the United States Railway Association is pleased to submit its Final System Plan in accordance with Section 208(a) of the Regional Rail Reorganization Act of 1973 (P.L. 93-236), enacted January 2, 1974, as amended.

The Final System Plan is approved by the entire Board. Certain viewpoints of individual members relating to specific conclusions and recommendations are noted hereinafter.

The Board believes that this Plan will provide a system that will meet the rail service needs of the Region and that it conforms to the goals and purposes set forth in the Regional Rail Reorganization Act.

Sincerely,

/s/ [illegible]

/s/ [illegible]	/s/ [illegible]
/s/ [illegible]	/s/ [illegible]
/s/ [illegible]	/s/ [illegible]
/s/ [illegible]	/s/ [illegible]
/s/ [illegible]	/s/ [illegible]

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Foreword by Arthur D. Lewis

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* * *

Introduction and Summary

Railroading was the first modern transportation technology and the nation's first big business. Railroads were the dominant form of intercity transportation, both freight and passenger, for about a century. Over the last 30 years, however, a far different industry has evolved. Railroads continue to be the largest carrier of intercity freight, measured by ton-miles, but they no longer dominate intercity transportation.

Among the causes of the relative decline of railroading are the development of efficient competing systems of transportation and the failure of rail cost performance and service quality to improve relative to competitive modes. Thus, the industry has not been able to hold its share of the transportation market. The traffic remaining on the railroads is not always profitable; railroads often are caught in a competitive squeeze between lower-cost waterway transport and faster service by trucks.

Today, large parts of the industry face financial difficulties. Railroad earnings are only three-quarters of their 1947 level, after adjusting for inflation. In recent years cash generated by the industry has been insufficient to meet capital requirements and rates of return on investment are so low that railroads have been unwilling or unable to raise new equity capital.

The railroads' declining market share and accompanying financial problems are most severe in the Northeast and Midwest Region of the country. Revenue ton-miles carried in the ICC's Eastern District (an area roughly equivalent to the Region defined by the Act) actually declined by 16 percent from 1947 to 1974; during the same period total U.S. rail ton-miles showed small absolute growth. Eight carriers in the Northeast and Midwest are bankrupt; outside the Region only the Chicago, Rock Island & Pacific is bankrupt but several others are in precarious financial condition.

Causes of the Decline of Railroading

The financial problems of the railroad industry are due to a number of interrelated factors.

- Railroad facilities are old by the standards of other industries—often poorly located, physically run-down or simply obsolete. A large portion of railroad costs is related to fixed facilities, which makes adaptation to changing circumstances difficult and often contributes to inadequate allocation of fixed facilities costs to specific commodities or movements. Costing difficulties contribute to problems of managing and marketing rail services. Railroad cost structures differ sharply from those of competing modes, a circumstance which poses difficulties in achieving balanced public policy toward all transport modes.

- The rapid rate of technological development in rival forms of transportation since 1920 radically changed the competitive position of the rail industry. Large-scale public support has promoted development of the newer auto, truck, barge, pipeline and airline technologies. Innovations in trucking and the development of modern highway systems have enabled motor carriers to capture 23 percent of total intercity freight ton-miles. The water carrier industry has matured with the development of extensive waterway improvements and modern efficient barge technology. Pipelines now move fluid petroleum and natural gas, and development of coal slurry (particles of coal suspended in water) pipelines may permit this mode to penetrate another key railroad market. The emergence of the automobile and bus and the development of the high-speed, pressurized airplane for medium and long distance travel effectively eliminated the train as a competitor for long distance passenger services.

- Basic changes have taken place in underlying market conditions, such as shifts in the location of industrial

activity and changes in types of freight normally suited to rail transportation. Railroads in the older eastern production centers have heavy investments in fixed facilities oriented toward these centers. As manufacturers relocate plants to newer growth centers, rail traffic at the old locations declines and excess rail capacity results. Industries which consume bulk raw materials from the agriculture mining and forestry sectors of the economy, historically the basic generators of railroad freight, have been declining as a share of GNP as service-oriented, high technology industries advance.

- Railroads were the first large business to be regulated by the federal government and few other industries are regulated so pervasively. Regulation of railroads is related to the industry's technology, industrial organization and financial structure. Railroads are big businesses, ordinarily, because railroad operations are most efficient when conducted on a large volume, mass production basis; the high fixed investment associated with rail technology likewise implies large enterprise. The railroads' large scale of operations and a cost structure that enabled them to price some services monopolistically while engaging in "predatory" competition for other business led to regulation of the industry. Regulation, in turn, has contributed to the inflexibility of rail operations and investment, principally with respect to setting rates, abandoning costly routes and services and changing the corporate structure of the industry. In addition, public policy has restricted the rail industry from taking advantage of different methods of moving goods, except in the case of "grandfather" trucking rights owned by certain railroads.

- For a variety of reasons, there have been insufficient internal funds to maintain and upgrade facilities which, coupled with the lack of private capital or public funds, has resulted in deferred maintenance, further weakening

the competitive position of the lines involved, thus completing the vicious cycle.

All these problems must be attacked if satisfactory rail freight service is to exist in the future. Progress can come from within the industry through improvement of operations and general management. Burdens imposed by public policy can be lessened and intermodal transport policies made more fair. If these changes are accomplished, the railroad industry will be able to overcome its current infirmities and become a more dynamic part of the American industrial economy.

Goals and Issues Underlying the FSP

In enacting the Regional Rail Reorganization Act of 1973 (Act), Congress provided a means for revitalizing rail service in the Northeast and Midwest Region.[1] The declared purposes of the Act are:

- Identification of an adequate rail service system for the Region,
- Reorganization of the Region's railroads into an economically viable system capable of providing adequate and sufficient service,
- The establishment of the United States Railway Association and the Consolidated Rail Corporation.
- Assistance to the states and local and regional authorities for continuation of local rail services threatened with cessation and
- Necessary federal financial assistance at the lowest possible cost to the general taxpayer.

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[1] The Association has identified various desirable changes in this unusually complex and detailed Act. Many of these will be discussed in the body of the plan in connection with related subject matter. Other technical amendments will also prove useful. The Association's legislative proposals will be forwarded to Congress in the near future.

The statutory goals guiding preparation of the Final System Plan (FSP) are outlined in section 206 of the Act. These goals complement the purposes of the Act and offer further direction to the United States Railway Association (Association or USRA) and those who review the Association's work. The Act stipulates that the restructured regional rail system should:

- Be financially self-sustaining,
- Meet regional rail transportation needs adequately,
- Promote improved high-speed rail passenger service in the Northeast Corridor and reflect USRA's identification of other corridors in which major upgrading of track for high-speed passenger operation would yield substantial public benefits.
- Preserve, as much as possible, existing patterns of service,
- Preserve facilities and service for coal transport and conserve scarce energy resources,
- Retain and promote competition,
- Attain and maintain desirable environmental standards,
- Achieve efficiency in train operations and
- Minimize unemployment and adverse effects on communities.

In accordance with its statutory duties, the Association has engaged in extensive studies on a variety of subjects in order to develop an adequate factual background necessary for an appropriate balancing of the goals of the Act. Many of these studies were discussed in the Preliminary System Plan (PSP). The data and conclusions of the studies have been carefully considered and carried forward, as appropriate, into the decisions of the FSP and are reflected throughout the text.

The Association has attempted to meet the challenge of converting the broad purposes and goals of the Act into spe-

cific recommendations for the FSP and has made every attempt to resolve conflicts and balance competing interests. The Association believes the Plan will ensure the preservation of an adequate and financially self-sustaining rail service system, via a combination of coordinated service opportunities, rehabilitated facilitates and improvements in operations.

The Regional Rail System (Chapter 1)

The Association recommends a rail structure for the Region made up of these key components:[2]

- ConRail, which combines most of the services of the Penn Central Transportation Co. (PC), the Central Railroad of New Jersey (CNJ), the Lehigh Valley (LV), the Lehigh & Hudson River (LHR), the Pennsylvania-Reading Seashore Lines (PRSL),[3] a limited section of the Ann Arbor Railroad (AA) and small portions of the Erie Lackawanna (EL) and Reading (RDG);
- The Chessie System, which is offered most EL freight services east of Sterling (Akron), Ohio, most Reading services, access to some CNJ traffic in the Greater Newark, N.J. area and the PC markets in the Charleston, W. Va. area;
- The Norfolk & Western Railroad (N&W), which essentially will continue in its present configuration but which is offered a few route extensions to improve connections with its own or affiliated lines;
- The Delaware & Hudson (D&H), with route extensions necessary to provide it with direct connections to the South and West;

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[2] Property and trackage rights acquisitions necessary to implement these recommendations are displayed in the color fold-out map which accompanies this Report. A second fold-out map shows the ConRail freight service network.

[3] PRSL is not in bankruptcy but has been included in USRA's planning process.

- The other smaller railroads in the Region essentially maintaining their existing route structures;
- Southern Railway (SOU), which is offered the PC main lines on the Delmarva Peninsula and the car float from Cape Charles to Norfolk; and
- Amtrak, which is designated to acquire the Northeast Corridor from Boston to Washington for the development of high-speed passenger service. Most through freight service is expected to be provided over a bypass route, as described in Chapter 2.

The Association believes the indicated industry structure recommendations offer the best approach to reversing the financial plight of the Region's rail industry, while ensuring adequate competition. The Plan contemplates ultimate restoration of the Region's rail system to efficiency levels enjoyed by most railroads in the country. It can also serve as the basis for further evolutionary changes in the regional rail system as may be required.

This basic structure will offer competition between at least two railroads in major markets of the Region, supplemented by the services of the smaller railroads. It will enable such major railroads as Chessie and N&W to continue as solvent carriers, without undermining the chances for ConRail to attain solvency in the private sector. It also should serve to stabilize and in several instances enhance performance of the smaller solvent railroads.

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Passenger Service

The Association, in its Preliminary System Plan, discussed the quality, present scope and future potential of railroad passenger services in the Region. The PSP made several recommendations designed to eliminate or reduce the many operational and financial conflicts which have characterized the relationships between passenger and freight interests. USRA believes that passenger and most through freight service should be separated in the Northeast Corridor to help implement improved high-speed service. Ownership or lease and control of facilities in the Corridor and elsewhere should become the responsibility of the dominant user.

USRA reaffirms with minor modifications its recommendations for short to medium distance corridor service elsewhere in the Region. The planned rehabilitation of many freight service routes will be an important factor in the continuation and expansion of passenger service on these routes.

Since publication of the PSP, the Association has worked with Amtrak and other agencies to facilitate the Act's goals respecting improved passenger service. For those situations in which designation of rail facilities essential to passenger service can be made in the FSP, USRA has done so. With respect to certain predominantly or solely-related passenger properties outside the Northeast Corridor, legislative amendment will be required. Further action also will be needed to preserve commuter service over certain properties in the Region.

The Regional Rail Reorganization Act of 1973 directs the Association to consider the needs and service requirements of rail passengers, both intercity and commuter, in its plan to restructure rail service in the Region. Among the goals listed in the Act are:

- Establishment of improved high-speed rail passenger service in the Northeast Corridor (Boston to Washington, D.C.), consonant with the recommendations of the Secretary of Transportation in his report of September 1971.
- Efficient movement of both passengers and freight in the Region in a manner consistent with safe operation,
- Efficient and safe commuter rail service as well as intercity service,
- Coordination with the National Railroad Passenger Corporation (Amtrak) and similar entities and
- Identification of all short to medium distance corridors in densely populated areas in which major upgrading of rail lines for high-speed passenger operation would return substantial public benefits.

The responsibility for provision of intercity passenger service resides with Amtrak. As a rule, state and local agencies have the responsibility for development and operation of rail commuter services. They typically receive financial assistance for these services from the federal government's Urban Mass Transportation Administration (UMTA). Railroads in the Region operate rail commuter service in the metropolitan areas of New York, Philadelphia, Baltimore, Washington, D.C., Boston, Providence, Pittsburgh, Cleveland, Chicago and Detroit.

The railroads in reorganization currently operate more than 90 percent of Amtrak's passenger services in the Region and, in the major eastern seaboard metropolitan areas, most of the suburban commuter services. ConRail, as the successor railroad, thus will be an important factor in the continuation and expansion of passenger service. It is imperative that there be cooperation among ConRail, Amtrak and the various commuter agencies to help develop efficient rail passenger service.

USRA's role is to analyze future prospects for rail passenger services in the Region and to assure continued availabil-

ity of rail facilities that may be required for the proper development of passenger service. USRA has established a series of recommendations aimed at alleviating the major causes of past conflicts between passenger and freight interests. The Association also has taken steps in the FSP to facilitate transfer of passenger facilities and operations from the railroads in reorganization to ConRail, Amtrak, the states and commuter agencies as appropriate.

Summary of Passenger Service Recommendations

Following are brief summaries of the recommendations for passenger service. Details of these recommendations are discussed in subsequent sections of this chapter.

- Passenger and freight traffic on the route between New York and Washington on the Northeast Corridor, optimally, should be separated by providing a parallel through freight route comprised of segments of the Baltimore & Ohio (B&O), Reading (RDG), Lehigh Valley (LV) and Central of New Jersey (CNJ) railroads.
- Amtrak should own or lease and provide the management for Northeast Corridor properties, except for segments already owned or leased by state or local transportation authorities.
- Amtrak and ConRail should agree to a series of cost-sharing principles proposed by USRA which are contingent on Amtrak's purchase or lease of the Northeast Corridor.
- Outside the Northeast Corridor, ConRail should own all lines over which Amtrak operates, except for those already owned or leased by state or local transportation authorities and three lines that USRA proposes Amtrak or state agencies purchase or lease because of dominant or exclusive passenger use: Philadelphia to Harrisburg, Pa., New Haven, Conn. to Springfield, Mass. and Porter, Ind. to Kalamazoo, Mich. Implementation of this proposal would require amendments to the Act. Amtrak, states or public authorities also should have the option to purchase or lease passenger related facilities outside the Northeast Corridor, subject to the concurrence of USRA. In the Final System Plan, USRA is designating to ConRail an option to purchase or lease these properties, an option which ConRail may exercise if either of two conditions is satisfied. First, ConRail may exercise the option and a state or public authority may acquire ConRail's interest in these properties or, if the Act is amended to permit such a transaction, Amtrak may purchase ConRail's interest in such properties located outside the Northeast Corridor. The second alternative is that ConRail may exercise the option and own the properties if it reaches agreement with Amtrak for full reimbursement of ConRail's costs in making these properties available for Amtrak use. USRA recommends that ConRail not exercise the option unless one of these conditions materializes.

- Because each local transportation authority's requirements are unique, USRA recommends that ownership and operation of commuter services be resolved individually between ConRail and the respective authorities. USRA has launched the necessary discussions and will continue to facilitate appropriate agreements.
- Because of the limited amount of funds available for all potential borrowers under section 211 of the Act, passenger authorities, wherever feasible, should pursue additional funding from other sources.

Development of the FSP Recommendations

In the Preliminary System Plan, USRA presented an assessment of the scope and quality of passenger service in the Region which detailed the kinds of service offered and the standards achieved by the various operators of intercity and commuter rail passenger services.

Recognizing the need to improve these services, USRA identified short to medium distance intercity corridors holding the potential for successful development of moderate to high-speed rail service, thereby providing social as well as economic benefits to those who might use them.

Also in the PSP, the Association identified areas of operational and financial complexity between passenger and freight service, with specific recommendations directed at eliminating, or at least reducing, conflicts which exist between passenger and freight interests. These recommendations addressed questions such as responsibility for facilities control, passenger service priority over freight and allocation of costs attributable to each service.

Finally, the PSP contained specific recommendations with respect to the special requirements of the Northeast Corridor and outlined a program for separating passenger and freight services on this heavily used route.

Witnesses testifying at the Rail Services Planning Office (RSPO) public hearings had mixed reactions to USRA's preliminary passenger recommendations. The comments fell into two general categories: favorable comments from communities where service improvements are recommended and unfavorable comments from communities which presently do not have service and are not recommended to receive service under proposed route expansion plans.

Communities and shippers throughout the Northeast Corridor expressed generally favorable reaction to USRA's recommendation to move most. ConRail through freight to a parallel route in the Corridor. RSPO endorsed the Association's plan to separate passenger and freight traffic. Such criticism as was expressed at the RSPO hearings was based largely on the incorrect assumption that USRA proposed to remove *all* freight service from the Corridor. *Local freight services to shippers on the Penn Central (PC) line of the Northeast Corridor will continue under USRA's plan.*

Since publication of the PSP, USRA has held additional discussions with the various passenger agencies to facilitate the

transfer of properties necessary to implement the PSP recommendations. USRA has been working very closely with Amtrak, the Chessie System and the Federal Railroad Administration to develop a final plan for the removal of through freight traffic from all or portions of the New York-Washington PC main line. These discussions centered around the purchase or lease by Amtrak of the PC Boston-Washington main line for improved high-speed passenger service and the use (by purchase, lease or other arrangement) by ConRail of B&O's Washington-Philadelphia main line for possible use as the through freight bypass route.

Additional discussions have been held with Amtrak to ensure that intercity passenger service throughout the Region will continue uninterrupted during the transition to ConRail and to coordinate ConRail's rehabilitation schedule with passenger service improvements.

Similar discussions have been held with the various state and regional transportation authorities having jurisdiction over suburban services. These discussions were aimed at facilitating orderly transition and continued operation of the Region's vital commuter rail systems in accordance with the Final System Plan. The discussions related to terms of existing and future contracts, subsidy arrangements, choice of operating agency for services, right-of-way improvements and provision of equipment.

Improvement Program for the Northeast Corridor

The eastern seaboard between Washington and Boston has more than 40 million inhabitants and generates the most intensive intercity rail travel in the country. Over 80 million passenger trips a year are made by all modes, of which 9 percent are by rail. The primary mode, auto, is subject to increased traffic congestion, poor fuel efficiency coupled with possible shortages of petroleum fuels and "spillover costs" in the form of air pollution and accidents. By 1990, the total intercity travel in the area is expected nearly to double, compounding the already severe pressures on the Boston-

Washington corridor's transportation system. USRA's proposed rail improvement program is designed to alleviate these problems by attracting to the rail mode about 21 percent of the projected 1990 Northeast Corridor intercity traffic.

Merely holding the line or effecting minimal improvements to the rail plant will not achieve the best use of potential rail capacity. Comprehensive economic and market analyses of the Northeast Corridor conducted over the past 12 years concluded that fast, frequent service is a prime ingredient of increased passenger demand. Experience with improved high-speed rail in both Great Britain and Japan has confirmed this relationship. The Act requires the establishment of improved high-speed rail passenger service, consonant with the Secretary's 1971 report entitled "Recommendations for Northeast Corridor Transportation." That report, in turn, calls for a plan for service improvements to achieve trip times of approximately 2 hours and 30 minutes in the New York-Washington segment and approximately 3 hours in the New York-Boston segment, with intermediate stop. Nonstop service would reduce these schedules. These times are consistent with those demonstrated in the demand analyses as necessary to achieve a substantial ridership increase.

If a significant shift of future auto and air travel in the Corridor is not achieved, additional airport and highway construction to accommodate future traffic will be required. New investments of this type would be costly not only in dollar amount but also in environmental impact and fuel efficiency.

In the PSO, the Association strongly recommended the separation of passenger and through freight operations in the Northeast Corridor between New York and Washington. This plan offers the most reasonable way to improve passenger and freight operations and can be accomplished, in time, with a reasonable fixed-plant investment. The existing PC route could be released and upgraded for high-speed passenger service and all or some of the parallel route could be upgraded specifically for efficient freight operations, thereby accomplishing the optimum separation of passenger and freight traffic in the Corridor.

USRA has worked with the Department of Transportation to provide more details respecting specific improvements to the Northeast Corridor. The Federal Railroad Administration has developed frameworks for implementing the high-speed rail improvement programs which include several components (some of which are summarized below): System descriptions, operational requirements and the phasing and financing of improvements. The Chairman of USRA is sending a copy of this report to Congress. USRA has not reviewed these alternatives and therefore does not recommend any or all of the options therein discussed.

COST-SHARING PRINCIPLES

USRA made the following specific recommendations for the sharing of ownership and operating costs between passenger and freight operations in the PSP.

- The exclusive user of a facility should own the facility.
- Where passenger and freight services are mixed, the dominant user should own the facility and the other user should pay an avoidable cost for use of the facility.
- Passenger trains should be given priority over freight.
- There should be an incentive program between Amtrak and ConRail to encourage cooperation between the two entities.
- ConRail freight operations should not subsidize passenger operations.
- Passenger entities should make their own arrangements for financing.
- Through freight service should be removed from the PC's Northeast Corridor line between New York and Washington.

- ConRail should not be the owner of the Northeast Corridor.

These policies provide that properties used dominantly or exclusively by a passenger entity should be purchased or leased by that entity. If for some reason the passenger entity does not choose to own or lease a predominantly passenger facility that has viable freight service, ConRail should acquire the line and contract with the passenger entity to compensate ConRail for all the costs of that facility except those which could be avoided in the long term if ConRail, the minority user, were not present.

Since publication of the PSP, these guidelines have been modified slightly and now can be expressed as four principles. These principles have guided USRA in its discussions with Amtrak and the commuter authorities and are the recommended basis for agreement between ConRail and the passenger entities. First, ConRail has the responsibility to provide satisfactory passenger services on all lines in its system in accordance with the policies established above. Second, the provision of those services should not be subsidized by freight services and ConRail should not be burdened with any passenger deficit.[1] Third, passenger operations should have priority over freight operations. Fourth, the exclusive or dominant user of a facility or in some special cases a state or public agency should be its owner.

The following policies regarding ownership and allocation of costs flow from the four basic principles.

- Where facilities exist or are built for the exclusive use of one type of service, i.e., passenger or freight, that entity should bear the full cost of those facilities.
- In instances where two or more passenger entities jointly use an exclusive passenger facility, the responsibility for

[1] The ConRail financial statements shown in Chapter 3 assume ConRail will bear no passenger deficit.

allocating costs on an equitable basis should lie with the users.

- Where freight and passenger operations both use a facility, the dominant user should own the facility and bear all the costs of that facility except those which could be avoided if the minority user were not present. To determine the dominant user, all passenger services, both intercity and commuter, should be considered as one entity and all freight services, regardless of carrier, should be considered as one entity.
- The minority user should bear exclusively the cost of any additional facilities it requires, both existing and proposed.
- Where passenger and freight operations both use a facility on an equal basis, the costs of owning and using the facility should be shared equitably.

System Description and Improvements

The trip time requirements of high-speed rail service necessitate train operating speeds substantially higher than those in effect presently. In turn, those speeds require a roadbed incorporating higher standards of track, allowable force levels, curvature and stability than exist at present.

As a result of the operating requirements for shorter trips times in compliance with the Act, the Corridor plan requires substantial improvements to the physical plant of the PC Washington-Boston main line. The right-of-way will be engineered to allow higher speeds through better track structure and curve improvements, including a limited number of major realignments. The power distribution (electrification) system will be modernized and will extend the entire length of the Corridor. Reliabiltiy and safety will call for new signalling and train-control systems and fencing of the right-of-way. To achieve the necessary trip times with comfort, vehicles must have high power ratings as well as suspension systems allow-

ing a smooth ride. To permit the full freight and passenger separation the Corridor program would include new connecting tracks between the passenger main line and off-Corridor freight route to facilitate the efficient movement of local freight to and from the bypass route. These connections and the upgrading of the B&O south of Philadelphia would be accomplished as operational requirements dictate. Figure 1 describes the off-Corridor freight route between New York and Washington and shows these new connections with the high-speed passenger route.

Phasing the Improvements

Assumptions made in developing the program phases are as follows:

- The program should be phased so the project can be implemented incrementally, with each major element and phase resulting in a discrete improvement.
- Priority should be given to high benefit projects.
- Flexibility in selecting and scheduling of improvements should be maintained.
- There should be opportunity for review prior to major commitments.

Phase I.—This phase restores the Northeast Corridor to 1969 Metroliner service standards. Facilities would be upgraded to support the improved service level. In addition, stations would be rehabilitated, high vandalism areas would be fenced and priority bridge work would commence. To facilitate moving freight service off the Corridor, connections would be constructed between the Corridor line and parallel freight tracks in appropriate geographic areas. Also preparatory work for subsequent phases would be commenced, entailing land acquisitions for track realignment and connections, electrification and signalling system design and vehicle engineering.

Phase II.—This phase, if desirable, would implement the right-of-way program between Washington and New York and between New Haven and Boston. (The New York-New Haven segment is discussed below.) Additional stations would be improved and the right-of-way upgrading program continued. The system test using new rolling stock would be undertaken. At the completion of Phase II, considerable improvements will have been made throughout the Corridor, including upgraded track structure, electrification and signalling. The stations would have undergone improvements and passengers would be enjoying the speed and comfort of a first-class railroad system.

Phase III.—This phase, if desirable, would complete the program. Track work will be completed between New York and New Haven, and yards, shops and maintenance facilities would be upgraded to support the new rolling stock.

USRA lends its support to the development of discrete high-speed passenger services between Boston and Washington consonant with the recommendations of the Secretary of Transportation in his report of September 1971 entitled "Recommendations for Northeast Corridor Transportation." USRA believes that the Corridor improvement program should be completed by the earliest practicable date.

Decisions reflecting the desirability of implementing any or all of these various phases necessarily depend on cost/benefit relationships which USRA has not studied. It should be noted that the costs associated with such improvements have multiplied severalfold since preparation of the Secretary's Report of 1971.

In the Newark-Washington segment, ConRail's through freight service on the passenger corridor would be continued pending orderly transfer of these operations to a bypass route as necessary: Newark-Philadelphia through freight service will be shifted first.

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Financing Northeast Corridor Operations

Extensive analyses conducted by and on behalf of the Department of Transportation indicate that a high speed service level at competitive fares would divert substantial volumes of passenger traffic from other transportation modes and would generated more than enough revenues to cover operating costs. These revenues are not, however, expected to be sufficient to cover interest payments and initial capital costs.

Acquisition of the Northeast Corridor

In keeping with the requirements of the Act and subject to the approval of its Board of Directors, Amtrak intends to acquire the rail properties USRA has designated to be used in the Northeast Corridor improvement project. Amtrak would exercise its option to purchase or lease these properties from ConRail. This arrangement allows an unencumbered assumption of authority and responsibility that will simplify and accelerate the improvement program and afford maximum protection to the public investment.

Rail properties in the Corridor which currently are owned by several state and regional transportation authorities cannot be conveyed to Amtrak under the Act, but Amtrak will continue to exercise operating rights for intercity passenger service on these lines.

The Corridor is defined as such properties presently used in passenger operations on the PC main line route between Boston and Washington, D.C. via New London and the Hell Gate Bridge, including all main line tracks, structures, power and control systems, stations, platforms, passenger yards and shops.

Responsibility for continuation of commuter service should be resolved between the appropriate commuter agency and Amtrak on an equitable basis.

Details of the legal arrangements for designating properties to Amtrak are provided in Part II of this Report.

Operation of the Northeast Corridor

Full operational control of Northeast Corridor traffic now performed by PC should be vested with Amtrak. Amtrak should be responsible for all signalling, dispatching and maintenance in the Corridor. ConRail should provide operating crews, maintenance personnel and line management support under contract to the extent requested and required by Amtrak. Amtrak also should be designated as the single operating entity responsible for coordinating freight and passenger services in accordance with section 601(d)(4) of the Act. The Federal Railroad Administration has recommended the formation of an independent "Dispute Board" to reconcile major differences between intercity, commuter and freight users.

To implement high-speed passenger service, ConRail should continue negotiating with the Chessie System for purchase, lease or trackage rights on the parallel B&O line between Washington and Philadelphia. The ultimate price for these facilities has not been agreed to, but discussions are proceeding within the following framework:

- ConRail will acquire property or trackage rights over the present RDG/LV line between Philadelphia and Newark, N.J., for freight operations.
- ConRail should acquire property or trackage rights over Chessie's line between Philadelphia and Washington, D.C.
- ConRail should not assume the acquisition and improvement costs of the Chessie property, to the extent that such costs exceed those which would be incurred by ConRail in acquiring and rehabilitating the PC route for freight service.

Use of the Chessie route between Philadelphia and Washington appears to be the most effective means to implement the high-speed rail passenger program. As discussions

regarding acquisition or use of this line are not complete and because extensive physical improvements will be necessary, the rerouting of through freight trains between Philadelphia and Washington may take a number of years to accomplish. This, however, should not delay implementation of high-speed Corridor passenger services.

Since ConRail will have rights to RDG/LV tracks at the time of conveyance and because only limited physical improvements are required, the rerouting of through freight trains between Philadelphia and Newark can be achieved fairly rapidly. Shifting freight trains from this, the most congested portion of the Corridor, will allow plant improvements to be made on the passenger line with minimum disruption to intercity and commuter passenger service.

Alternative engineering plans have been developed for continued use of the PC right-of-way between Philadelphia and Washington which would enable the goals of the Corridor improvement program to be achieved even if discussions with Chessie are not successfully completed by the date of conveyance.

Other Amtrak Services

In the PSP, USRA identified a number of short to medium distance corridors where upgrading for passenger service might return substantial benefits. These corridors are listed in Table 1 and, with minor revisions from the map shown at p. 305 of the PSP, displayed as an integrated corridor network in Figure 2. The recommendations are purely advisory: USRA believes Amtrak should have the final responsibility for determining routes to be operated. Additional routes or higher service levels may also result from state-sponsored programs, such as those proposed by New York. With these same qualifications, USRA reaffirms as its final recommendations pursuant to section 206(a)(7) of the Act the routes shown in Table 1 and Figure 2.

Table 1.—*Summary of recommended Corridor services*

Chicago to Milwaukee	Cleveland to Cincinnati
New York to Buffalo	Cleveland to Buffalo
Chicago to St. Louis	Philadelphia to Pittsburgh
Chicago to Detroit	Washington to Pittsburgh
Detroit to Cincinnati	Washington to Norfolk
Pittsburgh to Indianapolis	Detroit to Buffalo
Chicago to Cincinnati	Cleveland to Chicago
Cleveland to Pittsburgh	Indianapolis to St. Louis

A major concern in the restructuring process was the protection of existing passenger service patterns. Amtrak passenger services outside the Northeast Corridor will continue to operate over present routes, with minor exceptions. The problem plaguing these services today is the poor condition of track and roadbed.

Since most of Amtrak's routes correspond to ConRail's main line freight routes, the costs of rehabilitating these lines to the level needed for freight operations should be borne by ConRail. In addition, based on the results of USRA-Amtrak discussions. ConRail should agree to assume the costs of rehabilitating certain limited lines to a level above that needed for ConRail freight service but vital to Amtrak passenger service, for example, the line from Cincinnati to Indianapolis. This line is important for Amtrak's Chicago-Cincinnati trains but is not planned as a principal freight route.

Except for several routes discussed below, all lines required for Amtrak operations should be rehabilitated to a condition permitting the reliable operations of schedules comparable to those in effect on May 1, 1971, provided these lines were used for passenger service at that time, have been in continuous service since then and are incorporated for freight purposes in the ConRail System. Upon completion of the rehabilitation program, Amtrak will be able to operate passenger trains between end points on schedules at least equiv-

alent to those of May 1971. The rehabilitation program, coupled with the policy of giving passenger trains priority over freight, should reduce the scheduled times of passenger trains on most routes in the Region. Ride quality also will be enhanced by the improved track structure. USRA anticipates that most of the rehabilitation program on Amtrak routes can be completed within 5 years.

The recommended ConRail route structure generally will meet Amtrak's requirements. There are several exceptions, however. Some line segments are not recommended for inclusion in the FSP because they are not viable for freight service. These dispositions will affect the routing of Amtrak's intercity service unless alternative arrangements are made. The routes affected are:

- Portions of the Philadelphia to Harrisburg line used by Amtrak's New York to Chicago, New York to Kansas City and Philadelphia to Harrisburg services.
- The line segment from Richmond, Indiana to Indianapolis which is currently used by Amtrak's New York to Kansas City service and
- The segment from Porter, Ind. to Kalamazoo, Mich. which is part of Amtrak's Chicago-Detroit and Chicago-Port Huron services.

USRA has worked closely with Amtrak to find reasonable alternatives. In the case of the Philadelphia-Harrisburg and Porter-Kalamazoo segments Amtrak states or other public agencies will be offered an option to purchase or to lease the lines should the Act be amended to permit these transactions. Alternatively, the line segments could remain with the estate and Amtrak, states or other public agencies could acquire it from that entity. The Richmond-Indianapolis segment will not be used for passenger service because Amtrak is planning to reroute its New York-Kansas City trains via Dayton and Cincinnati on the Columbus-Indianapolis segment. With rehabilitated right-of-way, this diversion will not increase travel time.[2]

As a result of these arrangements, USRA believes that the needs of Amtrak's intercity rail passenger services will be met and that Amtrak's Board of Directors will approve the essential features of this arrangement.

Details of the legal property designations for intercity passenger service are found in Part II of this Report.

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Transfers to Amtrak

Section 206(a)(1)(C) provides that the FSP shall designate which transferable rail properties

> "shall be purchased, leased, or otherwise acquired from the Corporation by the National Railroad Passenger Corporation in accordance with the exercise of its option under section 601(d) of this Act for improvement to achieve the goal set forth in subsection (a)(3) of this section."

Several points need to be made about this subparagraph. In the first place, as noted elsewhere in the chapter in connection with an amendatory proposal, the reference to the "goal set forth in subsection (a)(3)" indicates that the properties Congress had in mind are those needed to provide high speed intercity passenger service in the Northeast Corridor between Boston and Washington and not properties outside the Corridor.

In the second place, subparagraph (C) provides for transfers not from the railroads in reorganization (as in the case of (A) and (B) designations) but from ConRail. Therefore, rail properties must be designated under subparagraph (A) first for transfer to ConRail for the purpose of subsequent transfer from ConRail to Amtrak.

In the third place, Amtrak is required to accept the properties designated for transfer to it under subparagraph (C), but

under section 601(d)(1) Amtrak is given the option to decide whether the transfer will be by sale, lease or other form of acquisition. This option, designed to provide appropriate protection for Amtrak from financial burdens that otherwise might be imposed on it, nevertheless makes it more difficult to project the future of ConRail. ConRail will be required to accept the properties from the estates and provide compensation for them, but how ConRail will be paid for retransferring the properties to Amtrak may depend on the form of transaction Amtrak chooses.

Finally, section 206(d)(5) provides that when rail properties are transferred to Amtrak pursuant to subparagraph (C) they shall be transferred "at a value related to the value received for the transfer to the Corporation of such properties". Accordingly, USRA has estimated the value of these properties, as set forth in Chapter 5 and assumes that the negotiations between ConRail and Amtrak will be based on this estimate. The valuation proceedings conducted under the Act, however, may result in a different value payable to the railroads in reorganization and, consequently, adjustments to the terms on which Amtrak acquires the properties. A further unresolved question, suggested in the opinion of the Special Court, is the extent to which that court may require ConRail to pass through the amounts it receives from Amtrak to the rail estates from which it obtains properties.[8]

* * *

Passenger Service Entities in General

Many of the rail lines and facilities transferred to ConRail are used for intercity and commuter passenger service, as well as for freight operations. The Act provides for the initial designation of such properties for transfer to ConRail under section 206(c)(1)(A), with properties within the Northeast Corridor designated to Amtrak under section 206(c)(1)(C). Amtrak is required to accept the designated properties, but under section 601(d)(1), it has an option as to the type of

interest (ownership, leasehold or other) it will acquire. Other properties initially designated for transfer to ConRail and used in passenger operations also may be made available for subsequent purchase or lease from ConRail by public authorities under section 206(c)(1)(D). In this form such designations provide public authorities with an opportunity, but with no obligation to acquire properties.

Some rail lines and facilities which are not required for, or which cannot support freight operations are needed by Amtrak or others for passenger service. In considering such lines for designation USRA attempted to achieve a proper balance between the Act's goal of efficient and safe intercity rail passenger and commuter service and the other goals set forth in section 206(a).

Amtrak Designations in the Northeast Corridor

The establishment of improved high-speed service in the Northeast Corridor ("NEC") is the third stated goal of the Act (section 206(a)(3)). USRA's designations of properties for acquisition by Amtrak are designed, as required by section 206(c)(1)(C), to achieve that goal. Before making those designations, USRA consulted extensively with Amtrak, the Federal Railroad Administration (which has important statutory functions concerning the Northeast Corridor) and public authorities which use the Corridor for commuter services. All of their views were considered in the designations made.

The Penn Central line from Boston via New London through New York to Washington is designated as the basic Northeast Corridor. This basic Corridor designation includes all the rail lines now used to provide Amtrak intercity passenger service along that route. Excluded is trackage adjacent to the Corridor which is used for commuter service or for freight service, but not for Amtrak service. In the case of the Corridor lines in Massachusetts, New York and Connecticut, which have been purchased by or are under long-term lease to public authorities, the designation reaches only those trackage rights reserved by Penn Central that are necessary to

operate Amtrak services. The underlying fee or lease hold interest of the public authorities is not disturbed.

Passenger yards, shops and other facilities pose a special problem. Those used in common with freight operations are designated in fee to ConRail under section 206(c)(1)(A) and are designated over for acquisition by Amtrak under section 206(c)(1)(C) reserving, as necessary, appropriate user rights to ConRail, the details of which will be specified in the property certifications to be made to the Special Court.

USRA has concluded, however, that where Amtrak use is clearly predominant, or shared with commuter operations, the facilities should not be designated in fee to ConRail under section 206(c)(1)(A). It is possible that Amtrak would choose to take a lease or lesser interest pursuant to section 206(c)(1)(C), rather than the fee interest Conrail would acquire. In such circumstances Conrail in effect would be committing some of its limited capital to fund acquisitions in fee of facilities used principally in passenger service.

While Amtrak's management has indicated to USRA that it would recommend purchasing all assets designated to it pursuant to section 206(c)(1)(C), that recommendation has not been approved by Amtrak's Board of Directors and no final commitment exists. Consequently, as to exclusively passenger facilities, the ESP designates for transfer to ConRail only such leasehold or occupancy and access rights as are necessary to the operation of present passenger services. In addition, the FSP designates the transfer to ConRail of an option, exercisable within 30 days after the Special Court's order of conveyance under section 303(b), to acquire such greater estate or right in such properties, including a fee, as Amtrak may have committed itself to acquire from ConRail not later than 60 days after the effective date of the FSP. The FSP also designates the transfer of such greater estate or right to Amtrak in the event that ConRail exercises the option. This method of designation will permit ConRail and Amtrak to negotiate directly concerning the nature of Amtrak's interest while at the same time reducing the threat to ConRail's

finances that could result if it receives passenger service facilities in excess of those desired by Amtrak.[34]

A similar situation exists with respect to passenger terminals. Most of these terminals are used primarily for passenger services with freight services occupying only limited space for offices or for signalling or other equipment. Future needs of the freight operations do not require the continued use of such space beyond a transition period. Thus, these passenger stations should be viewed as exclusively passenger facilities. As such, they raise the same problem with respect to acquisition as do the passenger yards, shops and other facilities just discussed. Moreover, many of the passenger stations are large and functionally obsolete structures occupying valuable real estate which are not being fully or effectively used by present or anticipated future passenger services. For those reasons, the FSP designates only such leasehold, three-dimensional easements, occupancy and access rights for transfer to ConRail and for designation over to Amtrak as are necessary to the operation of present Amtrak services. The FSP also designates an option to ConRail to acquire greater rights and to transfer them to Amtrak similar to those just discussed with respect to passenger yards, shops and other facilities.[35]

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[34] See the discussion of this complex problem in the Special Court opinion by Judge McGowan. *In re Penn Central Transportation Co.*, 384 F. Supp. 895: 978-981 (Special Court 1974).

[35] One special situation is represented by Washington Terminal, a separately operated Class I terminal company the stock of which is owned 50 percent by railroads in reorganization and 50 percent of Chessie. It is the Association's view that the assets of Washington Terminal Company itself are not reachable under the Act. Amtrak has expressed some interest in acquiring the 50 percent stock interest of Philadelphia, Baltimore and Washington RR Co. in Washington Terminal but has not decided whether it wishes ownership of this stock to achieve its goals in the Corridor. Because the Washington Terminal stock is of no value to Conrail, ConRail would have no interest in acquiring the stock unless Amtrak commits itself to acquire the stock from ConRail. Accordingly, there is designated for transfer to ConRail an option to acquire the stock, exercisable within 30 days after the Special Court order of conveyance, to be exercised only if Amtrak commits itself, no later than 60 days after the FSP effective date, to acquire it from

Amtrak Properties Outside NEC.—Finally, there are problems raised by Amtrak services outside of the Corridor. Most rail lines employed in non-Corridor Amtrak services are included in the lines designated to ConRail for continued freight operations. However, there are a few rail lines[36] and several passenger stations and passenger yards, shops and other facilities which would not be used in freight operations and accordingly are not being designated for transfer to ConRail. USRA has no authority to designate them over to Amtrak; section 206(c)(1)(C) applies only to properties within the Northeast Corridor. As to such lines and facilities, Amtrak may have continuing rights of use and access pursuant to its contract with Penn Central. Amtrak is also free, of course, to negotiate further arrangements with the estates or to use its power under section 402 of the Rail Passenger Services Act. To clarify this situation, however, the Association will recommend an amendment to the Act permitting either the direct designation of rail properties to Amtrak or expanding the scope of section 206(c)(1)(C) to include properties located outside the Northeast Corridor. Properties which would be affected by such an amendment will be identified to Congress when this legislative proposal is submitted.

Commuter Designations.—Rail lines required for present or contemplated operation of commuter trains by state, local or regional transportation authorities fall into three groups: (1) lines designated under section 206(c)(1)(A) for transfer to ConRail and under section 206(c)(1)(C) for designation over to Amtrak; (2) lines designated under section 206(c)(1)(A) to ConRail with no designation over to Amtrak; and (3) lines not designated for transfer to ConRail or offered to a profitable railroad for continued operation.

ConRail. Another special situation involving the Washington Terminal is similarly treated by the designation to ConRail of an option to acquire P.B.& W's 50% interest in a trust agreement relating to the Ivy City Yard (also called the Joint Court Yard).

[36] Royalton to Conewago, Pa., Kalamazoo to Dowagiac, Mich., and Niles, Mich. to Michigan City, Ind.

As to lines designated over to Amtrak, the FSP reserves to ConRail appropriate trackage rights for the operation of commuter services with such trackage rights designated as available for purchase or lease by transportation authorities under section 206(c)(1)(D).

Lines transferred to ConRail (except for freight main lines) and not designated over to Amtrak, are designated under section 206(c)(1)(D), as available for purchase or lease or acquisition of trackage rights by public authorities. If the authorities choose to purchase, trackage rights would be retained for freight operations pursuant to the standard trackage rights terms and conditions.

As to the commuter lines not required for freight operations identified in the Appendix, the FSP designates the transfer to ConRail of an option under which ConRail will have the right to acquire on behalf of a commuter authority the fee, or any lesser interest in the property. The option may be exercised at any time before the expiration of 30 days after the Special Court's order of conveyance under section 303(b), and it is conditioned on ConRail's receiving within 60 days after the effective date of the FSP, a firm commitment from an appropriate commuter authority binding it to assume full responsibility for the obligations that flow from exercise of that option.

No commuter designation is required to preserve the rights of the authorities in Massachusetts, Connecticut and New York to properties they now own or lease. Their present rights are adequate to their needs.

Stations, yards, maintenance and service facilities used by the public authorities fall into the same three categories as rail lines. Accordingly, the designations in the FSP follow that pattern. In the case of facilities not needed for freight operations, the option to be designated to ConRail under section 206(c)(1)(A) also includes the right to acquire a lease or occupancy interest rather than a full fee interest for the reasons stated in the discussion with respect to the designation to Amtrak of stations and facilities in the NEC. ConRail will

acquire the fee interest only if it has received a commitment from the authorities that they in turn will purchase the fee interest from ConRail.

Finally, as a special case, the Rhode Island Department of Transportation has offered to acquire the Penn Central's interest in Providence Union Station and Amtrak has agreed in principle to that acquisition. If the Rhode Island DOT makes a binding commitment to acquire that interest from ConRail within 60 days after the effective date of the FSP, the interest is designated for transfer to ConRail; its availability for purchase or lease by the Rhode Island DOT is designated under section 206(c)(1)(D), subject to Amtrak user rights, which are in turn designated over for acquisition by Amtrak under section 206(c)(1)(C).

If the Rhode Island DOT does not make the commitment within 60 days after the effective date of this Plan, then the designation to ConRail and over to Amtrak, includes the right to acquire such additional interests in the station, subject to commuter service user rights, as Amtrak may designate within that time.

* * *

PLAINTIFF'S EXHIBIT 71

NATIONAL RAILROAD PASSENGER CORPORATION
MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS
January 23, 1991

The Board of Directors of the National Railroad Passenger Corporation held its regular meeting at the offices of the Corporation located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Wednesday, January 23, 1991 beginning at 9:40 a.m.

Board members W. Graham Claytor, Jr.; Eugene R. Croisant; Governor Tommy G. Thompson; David F. Girard-diCarlo; Charles Luna; Darrell M. Trent; Paul M. Weyrich; and Gilbert E. Carmichael, FRA Administrator, representing the Secretary of Transportation, attended the meeting.

Ronald R. Fiedler, alternate for Governor Tommy G. Thompson, and David Beightol also attended the meeting.

James T. McQueen and Arrigo P. Mongini from the Federal Railroad Administration (FRA) also attended the meeting.

Mr. Claytor presided as Chairman; Mrs. Bass served as Secretary.

At the Board's request, members of Amtrak's Management Committee, Charles W. Hayward; Harold R. Henderson; William S. Norman and Dennis F. Sullivan joined the meeting.

Resolution Authorizing Changes in the Approval Levels of the Board of Directors

Mr. Claytor directed the Board's attention to a resolution authorizing changes in the approval levels of the Board of Directors. Mr. Claytor explained that at the Board's request, management has reviewed the Board approval levels and submits for the Board's consideration, the changes as outlined in the aforementioned resolution. Governor Thompson stated that he opposed the proposed levels, noting that the approval levels were too high. Mr. Weyrich stated that he initiated reevalua-

tion of the Board approval levels with the thought that the Board will be better able to focus on the issues of major concern if the approval levels were raised. Discussion followed wherein the levels of approval were revised with the consensus of the Board. The Board requested that management provide a quarterly written report itemizing the disposition of all items that fall between the old approval levels and the new approval levels. Upon motion duly made by Governor Thompson and seconded by Mr. Luna, the Board voted to approve the following resolution as amended:

> WHEREAS, the Board of Directors, through its Finance Committee, reviews and approves recommendations of management with regard to the financial affairs of the Corporation, including certain capital and other transactions exceeding the level delegated to management; and
>
> WHEREAS, current approval levels were set many years ago and have not been adjusted to reflect changes in the economy and improvements in managerial and administrative controls; and
>
> WHEREAS, it is the Board's desire to set the approval levels at a threshold that will afford the Board and its Committee the greatest opportunity for an effective review of significant transactions; be it
>
> RESOLVED, That the approval levels for Board authorization are changed as follows and are effective as long as W. Graham Claytor is Chairman of the Board of Directors:

Subject	Change From	Change To
Capital expenditure and leases	$250,000 or more	$1,000,000 or more
Retiring/sale of other assets (non-rolling stock and non-real estate)	$750,000 or more in gross book or sales value	$1,000,000 or more in gross book or sales value
Consulting Services	Over $50,000 or if the contract exceeds 12 months	$200,000 or more
Real estate transactions (excluding sales)	Over $100,000 aggregate consideration for any one transaction	$750,000 aggregate consideration for any one transaction

(8-0)

The public was invited to join the meeting

Adjournment

There being no further business before the Board, the meeting was adjourned at 11:37 a.m.

/S/ JANE E. BASS
Jane E. Bass
Assistant Corporate Secretary

PLAINTIFF'S EXHIBIT 77

NATIONAL RAILROAD
PASSENGER CORPORATION

1990 ANNUAL REPORT

FIVE-YEAR COMPARISON OF AMTRAK'S PERFORMANCE

	1990	1989	1988	1987	1986
Revenues (millions)	**$1,308.4**	$1,269.1	$1,106.7	$ 973.5	$ 861.4
Expenses (millions)	**$2,011.8**	$1,934.5	$1,757.1	$1,672.0	$1,563.6
Revenue-to-Expense Ratio	**.72**	.72	.69	.65	.62
Revenue-to-Short-Term Avoidable Cost Ratio*	**1.20**	1.20	1.15	1.03	.96
Revenue-to-Long-Term Avoidable Cost Ratio**	**.93**	.91	.90	.79	.78
Passenger Miles (millions)***	**6,057**	5,859	5,678	5,221	5,013
Passenger Miles per Train-Mile***	**183.3**	188.4	188.3	176.8	172.2
Systemwide On-Time Performance	**76%**	75%	71%	74%	74%
Ridership (millions)					
Amtrak System	**22.2**	21.4	21.5	20.4	20.3
Contract Commuter	**18.0**	17.4	15.4	10.2****	.7
Total	**40.2**	38.8	36.9	30.6	21.0

* Short-term avoidable costs—Costs of activities that would stop with the discontinuance of a route or train, or begin with the introduction of a new route or train. Such costs include train and engine crews, fuel and power, and maintenance of way.

** Long-term avoidable costs—All short-term avoidable costs, plus claims expenses, heavy maintenance and a portion of corporate and field overhead.

*** Contract commuter passengers not included.

**** Effective January 1, 1987, Amtrak began providing commuter service under contract to the Massachusetts Bay Transportation Authority.

* * *

PRESIDENT'S REPORT

1990 was an important year for Amtrak, for it vividly highlighted the two key factors—one positive and one negative—that ultimately will define our success in the new decade. On the positive side, although Amtrak's financial performance did not meet the aggressive projections originally forecast for the year, the railroad nonetheless had a record year in terms of revenue, ridership and passenger miles. This is a significant and telling achievement, especially when compared to the poor performance this year of other sectors of the travel industry. The continuing growth of Amtrak's market during a time of economic downturn bodes well for a decade of expanding demand for Amtrak service and a better bottom line, particularly as the national economy recovers.

The past year, however, also emphasized the serious infrastructure deficiencies facing Amtrak as a result of a decade of under-capitalization. Amtrak is consuming its assets—passenger equipment, locomotives, facilities, and information systems—at a far faster rate than it is replacing them. The primary challenge of the new decade will be to reverse this trend: to replenish our exhausted fleet of cars in order to maintain and expand ridership, to replace our aging information systems, to continue to improve productivity, and to implement our ambitious plans to eliminate Amtrak's need for federal operating support. At the same time, Amtrak must recommit itself to providing the highest quality of service for our passengers: from accurate travel information, to clean and attractive trains that leave and arrive on time, with service provided by courteous, helpful employees.

Amtrak will pass a milestone on May 1, 1991—our 20th Anniversary. The reemergence of rail passenger service as a marketable, energy-efficient and safe mode of transportation in this country is a tribute to those who had the vision to create Amtrak out of the ashes of a dying rail passenger industry. Today, Amtrak is covering more of its costs with revenue than any comparable passenger railroad in the world. Passengers

are traveling longer distances and more miles than at any time since Amtrak was established. And, we are the operator of choice for commuter rail systems and high-speed systems which are being created to cope with the gridlock facing the nation's highways and airports.

* * *

This coming decade will define the role Amtrak is to play in the nation's future. There is enormous interest in every region of the country for expanded rail passenger service as a means of coping with growing transportation congestion. Recent energy security concerns have only heightened this interest. Yet new service requires capital funds for additional equipment and, in many cases, operating funds to support train service. If Amtrak is to meet the challenge of growing demand and expanding service at the same time it is taking steps to become operationally self-sufficient, it must find a secure, reliable source of capital funds to support investment in new equipment and facilities. We have the managerial skills, the trained employees, the desire, and the dedication to play a dominant role in the American transportation system. With sufficient capital to back us, Amtrak's third decade will be its most dynamic, important and successful yet.

/s/ W GRAHAM CLAYTOR, JR.
W. Graham Claytor, Jr.
President and Chairman

A YEAR OF CONTINUED SUCCESS

* * *

The overwhelming national support for Amtrak was reflected in the enactment this past year of the first free-standing legislation authorizing continued federal support for Amtrak since 1979. On July 6, President Bush signed the Amtrak Reauthorization and Improvement Act of 1990. The new law makes several important changes to the Rail Passenger Service Act, enabling Amtrak to operate more efficiently. It also endorsed Amtrak's continuing efforts to eliminate its need for federal operating support by the turn of the century.

Perhaps even more importantly, the President's signature on the bill will help ensure that decisions involving Amtrak will be made solely on the basis of economics and sound public policy.

NEW SERVICE TO MEET DEMAND

The search for new energy-efficient, environmentally benign means of reducing highway and airport congestion has led many federal and state planners to seek new or more frequent Amtrak passenger service. Amtrak is determined to add new service whenever there is available equipment and the costs of new operations do not require additional federal subsidy. Where new trains will incur significant operating losses, Amtrak continues to look to the state or states through which the train will operate to share costs.

Five new trains were added during FY 1990. All are financially supported in part by state governments and together they represent an important expansion of the Amtrak system. In October 1989, two round trips were added to the *Hiawatha Service* between Chicago and Milwaukee, raising the total number of trains in the service to five. The states of Illinois and Wisconsin are helping fund the new service. Financial support from the state of Alabama made possible the inaugu-

guration of the Birmingham-to-Mobile *Gulf Breeze*, with through service via the *Crescent* to New York. A popular new state-supported *Carolinian* service was added this past spring between Rocky Mount and Charlotte, N.C., with through service to New York.

In addition, the state of California funded the purchase of new equipment necessary to add a third round trip to the very popular *San Joaquin* service between Bakersfield and Oakland. California is leading the nation in looking to state-funded rail projects as an alternative to the severe highway congestion choking its cities. In June, voters approved two rail bond issues that will provide nearly $3 billion for improved and expanded intercity and commuter rail service within the state.

Included in the state's plans are additional *San Joaquin*, *San Diegan* and Santa Barbara trains; improvement of rail passenger stations, including construction of a new station at Jack London Square to replace Amtrak's current Oakland station, which was damaged in last year's earthquake; extension of *San Joaquin* service to Sacramento in the north and Los Angeles in the south; and high-speed rail improvements to permit 125 mph operations along the *San Joaquin* route.

Although California has taken the lead in funding rail service improvements, the demand for new service goes far beyond the Golden State. During FY 1990, Amtrak received more than 350 letters from individual members of Congress and more than 1,000 letters from the general public requesting the institution of new Amtrak routes and service. In addition, Congress directed Amtrak to undertake six new studies of passenger service across the country, including restoration of passenger service between Chicago and Florida via Atlanta, extension of Northeast Corridor service to Maine (including service to southeastern New Hampshire), service between Seattle and Vancouver, restoration of service through Oklahoma, and addition of a second train between Chicago and the West Coast serving central Iowa and Wyoming. Seven states also have requested Amtrak to study new passenger

routes. In some cases, marketing and cost studies may indicate that the requested service would require additional federal subsidy and passenger equipment beyond Amtrak's resources.

* * *

BUILDING CAPACITY FOR A NEW DECADE

Adding new trains, particularly for long-distance routes such as the one being studied between Chicago and Florida, requires a significant investment in additional passenger equipment. Yet, before Amtrak can even consider the needs of new long-distance routes, it must address its shortage of equipment on existing routes and its need to replace the older Heritage fleet with a new generation of modern, efficient and highly marketable cars. The number of cars available for long-distance service actually has declined since receipt of the last Superliner cars in 1982. Sold-out trains represent a lost opportunity for significantly increasing revenues. The goal of eliminating Amtrak's need for federal operating support will not be possible without an enhanced capacity to transport passengers and meet passenger demand.

Amtrak has identified a need for 179 additional bi-level Superliner cars and 223 single-level Viewliner cars to augment capacity and gradually replace the inefficient and aging Heritage fleet of nearly 40-year-old cars. During the past year, Amtrak completed its design specifications for the new Superliners and negotiated with manufacturers for their purchase. Design work on the Viewliner cars also neared completion. In early 1991, Amtrak's Board of Directors will be asked to approve the acquisition of Superliner cars, which could begin arriving in the first half of 1993. The Board also is expected to consider final plans for a Viewliner car order by mid-1991. Much of the funding for these cars will come from the private financial market, supplemented with some federal capital funds.

The new cars will include several important changes mandated by Congress. The Americans With Disabilities Act, enacted in July, requires all new rail passenger cars be accessible to individuals with disabilities. Changes in the design of new cars will reflect Amtrak's goal of providing superior service to all its passengers, including mobility-impaired and other disabled passengers. In addition, cars will include state-of-the-art waste-retention toilet systems to eliminate the need to release wastes along the right-of-way. Amtrak also intends to retrofit many of its existing cars with these new retention systems over the next six years.

When delivered, some of the bi-level Superliner cars will be used to convert *Auto Train*, the *City of New Orleans*, and the *Capitol Limited* from single-level Heritage cars, greatly improving capacity and marketability for these popular trains. Additional sleeping cars on many presently sold-out Western long-distance trains can generate high revenues with little additional operating cost. New cars also will enable Amtrak to make the *Cardinal* a daily train, thereby improving service and providing important new opportunities for handling U.S. Postal Service mail contracts.

* * *

DIVERSIFYING THE REVENUE STREAM

Passenger-related revenues—derived from the sale of passenger tickets and on-board services—make up approximately 71 percent of Amtrak's revenue base. Amtrak intends to look increasingly to its other revenue-making operations to provide the funds necessary to support operations and capital programs in the coming years.

One such area is the transportation of mail, baggage and express, which accounted for $38.4 million in revenue during FY 1990. Contracts with the U.S. Postal Service have become an important growth area for Amtrak and the receipt of new material handling cars, ordered in FY 1989, has provided significant new opportunities for revenue generation.

A second important revenue-generating activity is the operation of contract commuter rail service for state and regional authorities. Amtrak already operates the large MBTA commuter rail system in the Boston area, transporting more than 16 million commuters during FY 1990. Amtrak also runs a portion of the Baltimore-Washington MARC system for the state of Maryland. During 1990, two additional services joined the Amtrak system. Amtrak began operating the *Shore Line East* service for the state of Connecticut between New Haven and Old Saybrook. Commuter service also began between Orange County, Calif., and Los Angeles.

In 1991, Amtrak will begin operating the new *Virginia Railway Express* between communities in Northern Virginia and Washington, D.C. During FY 1990, Amtrak earned $165 million in revenue from contract commuter operations. This is expected to grow to more than $200 million in the next few years as additional services come on line.

In a closely related area, Amtrak is working with a number of states, regional organizations, corporations and consortiums to develop high-speed rail systems in such areas as Florida (between Miami, Orlando and Tampa), Texas (between Dallas and Houston), Texas (between Dallas and Houston), Nevada (between Las Vegas, Nev., and Anaheim, Calif.), and along various Midwest corridors.

These systems are based both on conventional high-speed rail technology, such as the French TGV or German I.C.E. trains, as well as on magnetic levitation. Many high-speed rail planners are looking to Amtrak to operate the new systems, maintain the equipment and rights-of-way, staff stations, as well as coordinate existing intercity rail service with the new high-speed systems. Amtrak strongly supports developments in this area and sees high-speed rail as both a potentially large source of revenue and an important adjunct to its current business.

Real estate development and operations is a third major area to which Amtrak looks for substantial revenue growth. Nearly $40 million was generated in this area during FY 1990

and Amtrak expects this figure to more than double over the next decade. These revenues include rents received from stores and concessions operating in Amtrak-owned stations. Development projects currently under way at Pennsylvania Station in New York, 30th Street Station in Philadelphia, and Union Station in Chicago will result in significant growth in this area. Amtrak also expects to realize significant future revenues from the commercial development of Amtrak-owned air rights. For example, in conjunction with its development partner, Amtrak has prepared a preliminary master plan for development of Amtrak's Sunnyside Yard in Queens, New York. The yard represents one of the largest undeveloped parcels in the entire New York City area.

A WORK FORCE DEDICATED TO SAFE, QUALITY SERVICE

* * *

A prime example of Amtrak teamwork is the interdepartmental effort at the national and local level—called Safe Team On Time—that aims to improve and better control the on-time performance of trains. The groups are studying such issues as platform lengths, mail and baggage loading procedures, and other changes needed to ensure that Amtrak takes all steps within its control to keep to train schedules. The New York Division team, which includes a representative from Metro North Commuter Railroad as well as representatives from each Amtrak department, has made improvements resulting in a division on-time performance of 90.3 percent, up from 88.5 percent in FY 1989. Furthermore, such changes as improved platform lighting and resurfacing station platforms make passenger boarding more pleasant and safer as well as quicker.

* * *

MEETING THE CHALLENGES OF THE NEW DECADE

The nation must make a commitment by investing with Amtrak in capital improvements.

The Amtrak of 1990 looks very different from the fledgling experimental passenger railroad created in 1970. Indeed, it is even difficult to compare the two. Amtrak has gone from "rainbow-colored" trains made up of cars heated and cooled by steam, acquired from and operated by the employees of 20 different freight railroads, to a major transportation company with 24,000 employees operating some 220 intercity trains and 459 commuter trains each day. Amtrak has proved there is a market in today's complex national transportation system for reliable and convenient rail passenger service. It also has demonstrated a dramatic improvement in the economics of transporting passengers by rail. It is Amtrak's goal to continue to reduce its need for federal operating support during this decade and ultimately to eliminate it all together.

Operating self-sufficiency is an ambitious, but achievable goal. Essentially, it means Amtrak must surpass in the next decade its dramatic financial improvement of the last 10 years. The fuel that fed the 50 percent improvement in Amtrak's revenue-to-cost ratio between 1981 and 1990 was the heavy infusion of capital during the late 1970s and early 1980s. It was the return on this investment in new cars and facility modernization that led to high growth in revenues and helped put the lid on costs. The next decade will require an even greater capital infusion.

What will an operationally self-sufficient Amtrak look like? There will be a sufficiently large fleet of modern passenger cars to meet the growing demand for existing and expanded service, thereby maximizing passenger revenues. There will be a fleet of fuel-efficient locomotives to provide reliable, on-time service. Cars and locomotives will be maintained on schedule in modern maintenance facilities. Trains between

New York and Boston will take less than three hours, with high-speed locomotives operating along a newly electrified right-of-way at speeds up to 150 mph. Improvements between New York and Washington also will permit 150 mph operations and schedules approaching two hours. A fleet of material handling cars will be carrying large quantities of U.S. mail and earning high revenues. Additional trains will be operating between San Diego and Los Angeles, Los Angeles and Sacramento along the *San Joaquin* route, New York and Albany, Chicago and the West Coast, and Chicago and Florida, many at substantially higher speeds. Amtrak will be operating additional commuter services in several states, as well as one or more new high-speed services. Construction at 30th Street Station in Philadelphia and Sunnyside Yard in Queens will be well under way as development of Amtrak real estate holdings hits full stride. Amtrak's information systems will enable highly efficient operations and maintenance activities and help achieve maximum revenue potential from available train capacity.

It will take substantial capital investment to reach this vision of an operationally self-sufficient Amtrak. As the nation once again considers its transportation needs in an era of $1.50–$2 per gallon gasoline, many argue that funding for Amtrak's capital needs not only makes sense, but is a matter of national necessity. Amtrak agrees. The railroad is willing to finance needed improvements to the maximum extent feasible within the limits of sound financial management. But Amtrak alone simply cannot provide all the capital required to adequately meet the nation's growing need for energy-efficient, safe and environmentally benign transportation. The nation also must make a commitment by investing with Amtrak in these capital improvements.

For the past 20 years, this partnership has produced results of which many Americans are very proud. Amtrak believes the next decade will make most Americans question why there was even a debate about the issue in the first place.

* * *

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITALIZATION

	Preferred stock	Common stock	Other paid-in capital	Accumulated deficit	Totals
	(Thousands of dollars)				
Balance at September 30, 1988	$5,476,703	$ 93,857	$3,664,444	$(5,828,923)	$3,406,081
Issuance of preferred stock	579,300	—	—	—	579,300
Federal paid-in capital	—	—	39,433	—	39,433
Federal and state capital payments	—	—	7,548	—	7,548
Net loss	—	—	—	(665,473)	(665,473)
Balance at September 30, 1989	6,056,003	93,857	3,711,425	(6,494,396)	3,366,889
Issuance of preferred stock	560,411	—	—	—	560,411
Federal paid-in capital	—	—	23,612	—	23,612
Federal and state capital payments	—	—	15,150	—	15,150
Net loss	—	—	—	(703,415)	(703,415)
Balance at September 30, 1990	**$6,616,414**	**$ 93,857**	**$3,750,187**	**$(7,197,811)**	**$3,262,647**

The accompanying notes are an integral part of these consolidated statements.

NATIONAL RAILROAD PASSENGER CORPORATION AND SUBSIDIARIES (AMTRAK) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 1990 and 1989

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements reflect the consolidated operations of the National Railroad Passenger Corporation and its wholly-owned subsidiaries, Chicago Union Station Company and Washington Terminal Company. All significant intercompany transactions have been eliminated. Certain reclassifications have been made to the prior year's statements to conform with the 1990 presentation.

Passenger Related Revenue

Passenger fares are recognized as operating revenues when the related transportation services are furnished. Tickets which have been sold but not used are classified as deferred ticket revenues, and are included in the Consolidated Balance Sheets under "Accrued expenses and other current liabilities."

Contracted Services

The Consolidated Statements of Operations include the gross revenues earned and expenses incurred under various arrangements to provide access to the Northeast Corridor, and to perform services for freight railroads and commuter agencies that provide rail services along the Northeast Corridor.

Cash Equivalents

Amtrak considers all financial instruments purchased having a maturity of three months or less to be cash equivalents. Those financial instruments purchased with a maturity of over

three months, and which mature not more than one year from the Consolidated Balance Sheet date, are classified as short-term cash investments.

Property and Depreciation

Property and equipment are stated at cost, and are depreciated using the composite straight-line method over their estimated useful lives. Certain major items of property acquired through capital lease agreements are recorded as assets and are amortized over the shorter of their estimated useful lives or the lease term.

Casualty Losses

Provision is made for Amtrak's portion of the estimated liability for unsettled casualty and accident claims. The current portion of this liability is included in the Consolidated Balance Sheets under "Accrued expenses and other current liabilities." The non-current portion is classified as "Casualty reserves." As of September 30, 1990 and 1989, the current claims liability was $49,800,000 and $46,200,000, respectively.

NOTE 2: FEDERAL AND STATE FUNDING

Funds are provided to Amtrak through federal and state payments for operations and for capital acquisitions and improvements. For funds received from the Federal Government, Section 304 of the Rail Passenger Service Act (45 U.S.C. 544) requires Amtrak to issue to the United States Secretary of Transportation preferred stock equal in par value to all federal operating payments and most federal capital payments received subsequent to October 1, 1981, as well as capital and certain operating payments received prior to that date. Public Law 101-516, approved on November 5, 1990, provides $665,080,000 in federal funds to Amtrak for fiscal year 1991.

Federal paid-in capital, included in the Consolidated Statements of Changes in Capitalization, reflects certain funding received from the Federal Government to finance acquisition of and improvements to property and equipment. In exchange for past and prospective funding, Amtrak issued two promissory notes to the United States. The first note matures on December 31, 2975, and is secured by Amtrak's real property. The second note matures on November 1, 2082, with successive 99-year renewal terms, and is secured by Amtrak's equipment and certain rolling stock. Neither of the notes bears interest, unless prepaid (which Amtrak does not intend to do). The Federal Government's security interest in Amtrak's real property, equipment, and rolling stock entitles it to repayment plus interest in the event Amtrak ceases operations, is acquired by another entity, or seeks relief under bankruptcy or insolvency laws.

NOTE 3: PREFERRED AND COMMON STOCK

At September 30, 1990, 73,100,000 shares of $100 par value preferred stock were authorized, of which 66,164,139 shares were issued and outstanding. During October and November 1990, 888,650 shares of preferred stock were issued at par value, increasing the total number of shares issued and outstanding to 67,052,789. At September 30, 1989, 68,400,000 shares were authorized, of which 60,560,029 shares were issued and outstanding. All issued and outstanding preferred shares are held by the Secretary of Transportation for the benefit of the Federal Government. Dividends are to be fixed at a rate not less than 6% per annum and are cumulative so that no dividends may be paid on the common shares prior to the payment of all accrued but unpaid dividends on the preferred shares. No dividends have been declared. The preferred stockholder is also entitled to a liquidation preference over common shares involving a payment of not less than par value plus all accrued unpaid dividends.

Each share of preferred stock is convertible into 10 shares of common stock at the option of the preferred stockholder.

At September 30, 1990 and 1989, 10,000,000 shares of $10 par value common stock were authorized, of which 9,385,694 shares were issued and outstanding.

NOTE 4: LONG-TERM DEBT

On September 25, 1989, Amtrak entered into concurrent agreements to lease 104 passenger rail cars to a third party for a period of 25 years and sublease them back for a period of 20 years. Under the terms of the lease, the lessee assumed a portion of a loan payable which was due from Amtrak to a third-party lender for advances made on Amtrak's behalf toward the cars' construction. At September 30, 1989, 45 finished cars had been delivered and accepted. The lease was treated as a sales-type lease and the leaseback treated as a capital lease (see Note 5). All remaining amounts due to the third-party lender at September 30, 1989, as well as additional advances made during fiscal year 1990 when the remaining 59 cars were delivered and put under lease.

During June 1990, Amtrak paid off the total remaining debt due under a 1988 conditional sales agreement for the purchase of nine new diesel locomotives by entering into a lease and leaseback arrangement (as discussed in Note 5).

NOTE 5: LEASING ARRANGEMENTS

Capital Leases

The leaseback of the 104 passenger rail cars referred to in Note 4 has been classified as a capital lease, and accounted for $43,833,000 of capital lease obligations at September 30, 1989, relating to the first 45 finished cars delivered and accepted. An additional $64,317,000 of capital lease obligations occurred during fiscal year 1990 when the remaining 59 cars were delivered and accepted.

In May 1990, Amtrak entered into concurrent agreements to lease 70 material handling cars for a period of 36 years and sublease them back from the lessee for a period of 21 years. Under the terms of the lease agreement, Amtrak received a $22,197,000 advance lease payment from the lessee. The lease was treated as a sales-type lease and the leaseback of the cars is being treated as a capital lease. The leaseback accounted for $22,197,000 of capital lease obligation additions during fiscal year 1990.

Also in June 1990, Amtrak entered into concurrent agreements to lease nine diesel locomotives for a period of 34 years and sublease them back form the lessee for a period of 19 years. Under the terms of the lease agreement, Amtrak received a $16,200,000 advance lease payment from the lessee. The lease was treated as a sales-type lease and the leaseback of the locomotives is being treated as a capital lease. The leaseback accounted for $16,200,000 of capital lease obligation additions during fiscal year 1990.

Amtrak leases certain other items of equipment under capital leasing arrangements. At September 30, 1990, the gross amount of assets recorded under capital leases was $190,090,000 with accumulated amortization of $12,469,000. At September 30, 1990, future minimum lease payments under capital leases were as follows:

Year Ending September 30	Amounts (In Thousands)
1991	$ 17,559
1992	19,003
1993	18,374
1994	16,785
1995	15,988
Later years	256,166
	343,875
Less amount representing interest	162,108
Present value of minimum lease payments at September 30, 1990	$ 181,767

* * *

NOTE 10: PENN STATION JOINT VENTURE

On August 5, 1988, Amtrak leased to the Long Island Rail Road Company (LIRR) certain space in Penn Station, New York City, for 99 years, with an automatic 99-year renewal term, along with the right to jointly use the Penn Station operating facilities for 99 years, for a total of $44,400,000. The space rental was accounted for by Amtrak as a sale. The resulting gain of $42,537,000, net of the book value of assets sold, was deferred, and is being recognized as income as expenditures are incurred by Amtrak as a participant under a concurrently executed joint venture agreement with LIRR and the Metropolitan Transportation Authority, to upgrade the Station's structure and centralize control of train movements in and around Penn Station. During the years ended September 30, 1990 and 1989, Amtrak recognized revenue of $4,211,000 and $2,095,000, respectively. The gross lease proceeds of $44,400,000, plus a pro rata share of future interest income have been designated to fund Amtrak's obligations under the joint venture agreement, and are presented net of joint venture project costs incurred, under "Other Assets and Deferred Charges" in the Consolidated Balance Sheets.

* * *

PLAINTIFF'S EXHIBIT 81

LEVEL A AND PLATFORM LEASE
PENNSYLVANIA STATION NEW YORK

Date: August 5, 1988

Lessor: NATIONAL RAILROAD PASSENGER CORPORATION
400 North Capitol Street, N.W.
Washington, D.C. 20001

Lessee: THE LONG ISLAND RAIL ROAD COMPANY
Jamaica Station
Jamaica, New York 11435

Premises: Certain Portions of
Pennsylvania Station New York
See Exhibit A

Tax Lot and Block: P/O Block 781, Lots 1 and 2; P/O Subsurface of Block 755, Lot 40.

RECORD AND RETURN TO:

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LEVEL A AND PLATFORM LEASE

THIS LEASE, made as of this 5th day of August 1988, by and between the National Railroad Passenger Corporation, a District of Columbia corporation whose principal place of business is situated at 400 North Capitol Street, N.W., Washington, D.C. 20001 ("Amtrak"), and The Long Island Rail Road Company, a New York public benefit corporation whose principal place of business is situated at Jamaica Station, Jamaica, New York 11435 ("LIRR").

WITNESSETH:

WHEREAS, Amtrak is the owner and operator of the railroad passenger station located in the County, City, and State of New York and known as Pennsylvania Station, being a part of that certain property conveyed by Consolidated Rail Corporation to Amtrak by deed dated as of April 1, 1976; and

WHEREAS, both Amtrak and LIRR utilize Penn Station in the conduct and operation of their respective rail passenger services; and

WHEREAS, Amtrak and LIRR have this date executed a certain Joint Venture Agreement, which provides for the joint development by Amtrak and LIRR of a centralized train control facility, to be situated at or near Penn Station and to control train dispatching and train movements through Penn Station (the "Joint Venture Agreement"); and

WHEREAS, LIRR has heretofore utilized Penn Station pursuant to the terms of that certain Joint Facility Agreement dated January 20, 1966, as amended, between LIRR and Amtrak's predecessor in interest, The Pennsylvania Railroad Company (the "Joint Facility Agreement"); and

WHEREAS, Amtrak and LIRR have this date executed an amended and restated Joint Facility Agreement; and

WHEREAS, Amtrak wishes to lease to LIRR, and LIRR wishes to lease from Amtrak, certain premises within Penn Station, outlined on Exhibit A attached hereto; and

WHEREAS, pursuant to the New York Pennsylvania Station Cooperative Agreement entered into among the Federal Railroad Administration ("FRA"), Metropolitan Transportation Authority ("MTA"), and Amtrak, effective May 25, 1983 ("FRA Cooperative Agreement"), MTA and FRA financed and MTA constructed the West End Concourse, title thereto vested in Amtrak, and the parties wish to include such premises within the LIRR Premises;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises, covenants, and agreements of the parties herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Amtrak and LIRR hereby mutually agree as follows:

ARTICLE I

DEMISE; TEMPORARY OCCUPANCY OF CERTAIN SPACE

Section 1.01. *LIRR Premises.* For and during the term hereinafter specified, Amtrak hereby leases and demises to LIRR, and LIRR hereby rents and hires from Amtrak, a volume of space located on Level "A" of Penn Station from the floor of Level "A" up to certain heights, all as indicated on Exhibit A-2 (such volume of space constituting a portion of Block 781, Lots 1 and 2, and of the subsurface of West 33rd Street), together with (a) Amtrak's interest in the West End Concourse, the surveyed interior dimensions and drawings of which are also shown on Exhibit A-2 (such West End Concourse constituting a portion of the subsurface of Block 755, Lot 40, and of the subsurface of West 33rd Street), (b) certain portions of platforms situated within Zone 2a at track level, as shown on Exhibit A-3 (such platforms constituting a portion of Block 781, Lots 1 and 2, and of the subsurface of

Block 755, Lot 40, and of the subsurfaces of Seventh Avenue, West 33rd Street and Eighth Avenue) and (c) certain stairways, elevators and escalators, as more particularly described on Exhibit A-4, the demise of all of the foregoing being subject to the state of title that exists with respect to the above-described demised premises as of the Effective Date, including title defects (such as easements, liens, encumbrances, leases, tenancies and rights of possession), but provided, however, that the demise shall not be subject to the matters set forth in Exhibit H. The property and interests demised pursuant to the preceding sentence shall be referred to as the "LIRR Premises": All Blocks and Lots referred to in this Section 1.01 are as shown on the Tax Map of the City of New York, County of New York. The fact that the demise is subject to the state of title as of the Effective Date shall not derogate from the rights of the parties set forth in Sections 6.04, 6.05, 8.02, and Exhibits D and E, and shall be applicable to the matters treated in Section 12.01 only as stated in that section. The "floor" referred to in the first sentence of this paragraph shall include such additional area beneath the top surface of the slab as is sufficient to affix appurtenances to such floor. LIRR shall also have the right to use the bottom of the slab of Level B above the LIRR Premises in order to affix appurtenances or suspend false ceilings within the LIRR Premises; provided, however, that such right shall not be exercised in a manner that interferes with Amtrak's pipes, ducts, conduits or other utility equipment located beneath such slab at the time that LIRR exercises such right, or with Amtrak's right under Section 12.02 of this Lease to maintain, repair, renew or replace such facilities. The "portions of platforms" referred to in the first sentence of this paragraph shall consist of the surfaces of platforms 9, 10 and 11, together with the fascia material at the edges of those platforms, and such additional area beneath the surface as is sufficient to affix appurtenances to those platforms, as well as platform lighting fixtures on those platforms, the architectural treatment of surfaces of columns on those platforms, and all ceil-

ings, walls, partitions, floors, windows and doors located on or attached to such platforms. (The "Zones" referred to in this Lease are as described in the Joint Facility Agreement, as it exists on the Effective Date.) LIRR shall have the right, subject to the provisions of Section 6.01, to construct additional stairways or other means of access between platforms 9, 10 and 11 and the space located on Level A leased herein, and upon construction, such stairways or other means of access shall become part of the LIRR Premises. For purposes of this Lease, "Penn Station" shall mean the railroad passenger terminal and related facilities, located generally at and below street level and extending generally from the north side of West 33rd Street on the north to the south side of West 31st Street on the south and from the east side of Seventh Avenue on the east to the east side of 9th Avenue on the west. All portions of Penn Station (including the stairways, elevators, and escalators) other than the LIRR Premises, but excluding the land, facilities and appurtenance at track level, shall be referred to as the "Amtrak Premises."

Section 1.02. *Occupancy of Space Within an Area Controlled by the Other Party*. The parties recognize that, for operating purposes, Amtrak currently occupies certain portions of the LIRR Premises and that LIRR currently occupies certain areas on Level "A" located within the Amtrak Premises. These areas are identified on Exhibit B. It is the intention of the parties that such occupancy be eliminated or at least substantially reduced over the next five years. The parties have exchanged plans indicating their needs to move into space currently occupied by the other and each party agrees to facilitate the implementation of those plans, and any future plans, by vacating space as it becomes needed by the other party. The parties agree to cooperate to minimize the inconvenience or additional cost resulting from such moves and to give as much notice as possible as to when a particular space will be required. If after five years either party continues to occupy any of the identified spaces (or other spaces) located within areas controlled by the other party, then, beginning on the fifth anniversary of the Effective Date of this Lease, but subject to the provisions of Section 7.05 below, rent will be charged for such occupancy at fair market rental value. In the event of a disagreement as to the appropriate rental value, such matter shall be subject to arbitration under Section 10.01.

In addition to the areas shown on Exhibit B, the parties recognize that certain space within the LIRR Premises is, as of the Effective Date hereof, used by Allied Maintenance in connection with its cleaning of both the LIRR Premises and portions of the Amtrak Premises. Insofar as such occupancy relates to the cleaning of the Amtrak Premises, LIRR agrees to continue to make the space available, without charge, until the end of the current term of the contract between Amtrak and Allied Maintenance that is in force as of the Effective Date hereof, at which time such privilege of free occupancy shall terminate. The previous sentence shall confer no third party beneficiary rights upon Allied Maintenance.

Section 1.03. *Title Insurance*. As of the Effective Date, LIRR shall have obtained a title insurance policy ("Title Policy"), insuring its interests in the LIRR Premises. Such Title Policy shall have been reasonably acceptable to Amtrak. Amtrak shall have paid one-half the cost of the policy, up to a maximum payment of $52,275.

In the event a title defect existing as of the Effective Date hereof is discovered that affects LIRR's employment of "New Rights," as that term is defined in Section 12.01(a) below, and except as otherwise provided in Sections 6.04, 6.05 and 8.02 herein, LIRR shall not look to Amtrak for relief. In the event a title defect is discovered that affects LIRR's enjoyment of "Old Rights," as that term is defined in Section 12.01(a) below, and unless the title defect is excepted from or otherwise not covered by the Title Policy, LIRR shall first pursue its remedies against the insurer or co-insurer under the Title Policy, and only if LIRR is not fully compensated by such company shall it assert a claim relating to "Old Rights"

against Amtrak under the Joint Facility Agreement; provided however, that if LIRR is unsuccessful in any "Old Rights" claim against such insurer or co-insurer, and thereafter successfully asserts such claim against Amtrak, Amtrak shall indemnify LIRR against any costs or expenses incurred in the unsuccessful claim against such insurer or co-insurer. If LIRR asserts any "Old Rights" claim against such insurer or co-insurer within the applicable period of limitations, Amtrak agrees not to assert in a subsequent action or proceeding brought by LIRR against Amtrak that the period of limitations expired during the time that such claim, or any action or proceeding based on such claim, was pending and for sixty days thereafter.

Section 1.04. *Entrances to Transit Authority Facilities.* Two areas on Level A that are located at the entrances to facilities of the New York City Transit Authority (indicated on Exhibit A-2) are included in the LIRR Premises so that, as between Amtrak and LIRR, LIRR may exercise control over those areas during the term and renewal term of this Lease. Amtrak makes no representations as to what its rights are with respect to those areas. Amtrak agrees that it shall not take any action, or consent to any action, with respect to those areas that shall interfere with LIRR's enjoyment of those areas under this Lease. However, notwithstanding any other provision of this Lease, Amtrak shall have no liability to LIRR for any action of a party other than Amtrak, its successors and assigns, with respect to such areas, including the New York City Transit Authority.

ARTICLE II

TERM; RENEWAL

Section 2.01. *Effective Date.* This Lease shall take effect upon payment by LIRR of the full Rental pursuant to Section 3.01 below. The date of that payment is referred to herein as the "Effective Date."

Section 2.02. *Term of Lease.* The original term of this Lease shall commence on the Effective Date, as defined in the preceding section, and shall terminate at midnight on that date which is ninety-nine (99) years after the Effective Date, unless sooner terminated pursuant to the provisions hereof (the "Original Term").

Section 2.03. *Renewal Term.* Unless LIRR furnishes Amtrak written notice of LIRR's election not to renew at least two (2) years before the termination of the Original Term hereof, the Lease and the leasehold estate granted hereunder shall continue for an additional term of ninety-nine (99) years (the "Renewal Term"), which Renewal Term shall commence upon the termination of the Original Term of this Lease.

ARTICLE III

RENTAL

Section 3.01. *Rental.* LIRR hereby agrees to pay to Amtrak, for the use and occupancy of the LIRR Premises during the Original Term and the Renewal Term, total rent of thirty-nine million, four hundred thousand dollars ($39,400,000.00). Such amount shall be payable simultaneously with the execution of this Lease. Amtrak and LIRR hereby agree that if for any reason LIRR fails to renew this Lease, or surrenders the LIRR Premises prior to the end of the Original or Renewal Terms, it shall have no right to a refund of any portion of such rental.

ARTICLE IV

REPRESENTATIVES; RESPONSIBILITY FOR DAMAGE; SECURITY

Section 4.01. *Penn Station Representatives.* Amtrak and LIRR shall each appoint a representation (the "Penn Station

Representatives"), who shall, from time to time, confer on and resolve matters involving the use of Penn Station that require the cooperative efforts of the parties, including the allocation of the costs of trash removal from the loading dock area, and controlling access to the service corridor and loading dock areas for trash removal purposes. They shall also consider the promulgation of standards acceptable to both parties for Level A concessions, and standards for cleaning and maintenance of the areas within Penn Station that are of common concern.

Section 4.02. *Responsibility for Damage.* LIRR agrees that if its use or occupancy of the LIRR Premises, its exercise of the right of access in, on, over, under, or across any portion of Penn Station, or its performance of any maintenance, repair, or alteration, results in damage (other than normal wear and tear) to any area of Penn Station, whether or not within the LIRR Premises, then LIRR shall, at its sole expense, cause any such damaged area to be restored to the condition it was in immediately before such damage. Amtrak agrees that if its use or occupancy of Penn Station, its exercise of the right of access in, on, over, under, or across the LIRR Premises, or its performance of any maintenance, repair, or alteration, results in damage (other than normal wear and tear) to the LIRR Premises, then Amtrak shall, at its sole expense, cause any such damaged area to be restored to its condition immediately before such damage.

Section 4.03. *Security.* It shall be the responsibility of LIRR, at its sole expense, to provide security services to the LIRR Premises. It shall be the responsibility of Amtrak, at its sole expense, to provide security services to its premises. Amtrak and LIRR shall make every reasonable effort, including formulation of a plan of coordination, to permit (1) entry by each party's respective security forces through areas of Penn Station controlled by the other as required to effectuate their respective security obligations and to maximize the safety of persons using Penn Station; and (2) effective cooperation between the respective security forces in the event of disturbances within Penn Station or other events requiring mutual assistance.

ARTICLE V

MAINTENANCE AND REPAIR

Section 5.01. *Trash Removal.* Each party, at its own expense, shall be responsible for the removal of trash from its premises, including without limitation all trash produced by its lessees, sublessees, and licensees, to the loading dock area of Penn Station. For this purpose, both the time and manner of the parties' access to and usage of the service corridor and loading dock area and the terms and provisions of any contract for the removal of trash shall follow procedures adopted by the Penn Station Representatives, under which access to and usage of said areas shall be equitably shared by Amtrak and LIRR. The parties shall pay their proportionate share of costs and expenses incurred in connection with the removal of trash from the loading dock area based on their respective shares of the total volume of all trash removed. The parties agree that they shall promptly undertake or commission a joint study of trash removal in order to determine an equitable sharing of the costs of trash removal. Such study shall be completed within 180 days of the Effective Date and the proportionate shares determined by such study shall be applied retroactively to all costs and expenses of trash removal that are subject to sharing on or after the Effective Date. The parties hereby agree that until recalculated in accordance herewith, Amtrak's proportionate share shall be 84.21 percent of the cost of trash removal and LIRR's proportionate share shall be 15.79 percent. Such percentages shall be recalculated promptly after the Effective Date by the Penn Station Representatives and shall be recalculated at the request of either party annually thereafter for each one year period beginning

on each anniversary of the Effective Date. Disputes with respect to procedures for trash removal or allocation of the costs of trash removal shall be subject to arbitration under Section 10.01 below if they cannot be resolved by the parties.

Section 5.02. *Cleaning, Maintenance, Repair, and Replacement.*

(a) LIRR shall, at its sole expense, have the responsibility for cleaning, maintenance, repair, and replacement of all ceilings, walls, partitions, floors, windows, and doors within the LIRR Premises (except within the West End Concourse and except as provided in Section 5.02(b) below and except for space temporarily occupied by Amtrak pursuant to Section 1.02 above) and those stairways, elevators, and escalators and the portions of platforms identified on Exhibit A as part of the LIRR Premises. Except in the case of casualty loss as provided in Section 13.02(a) and except as provided in Section 5.02(b) below, and subject to LIRR's rights under the Joint Facility Agreement, if any, LIRR shall surrender the LIRR Premises at the end of the Original or Renewal Term hereof, as the case may be, or upon an early termination of this Lease pursuant to the provisions hereof, in substantially its present state of repair, reasonable wear and tear excepted. Amtrak shall, at its sole expense, have the responsibility for cleaning, maintenance, repair, and replacement of all ceilings, walls, partitions, floors, windows, and doors in corridors or public areas (including staircases, escalators, and elevators not identified on Exhibit A) within the Amtrak Premises that are substantially used by LIRR passengers, employees, and concessionaires in going to or from the LIRR Premises.

(b) The foregoing provisions establishing responsibility for cleaning, maintenance, repair, and replacement do not extend to the repair and replacement of any structural elements except as specified in Section 6.10 herein, as the parties are not otherwise in agreement as to their obligation to repair and

replace such structural elements, or as to their responsibility to pay for work performed.

(c) Pursuant to the FRA Cooperative Agreement, Amtrak undertook certain obligations with respect to operating and maintaining the West End Concourse (§ 402), indemnifying FRA against liability (§ 403), and maintaining comprehensive insurance coverage for the West End Concourse (§ 404). During any period in which this Level A and Platform Lease is in effect, LIRR shall assume the obligations placed on Amtrak by Sections 402, 403 and 404 of the FRA Cooperative Agreement, except the obligation deriving from Amtrak's ownership, and shall indemnify and hold Amtrak harmless against any liability arising from a claim that such assumed obligations have been breached during such period. Other than the foregoing assumption of obligation, LIRR shall not in this Level A and Platform Lease undertake any new obligation to Amtrak to clean, maintain, repair or replace the West End Concourse; provided, however, that LIRR shall not permit the West End Concourse to deteriorate or become in a state of disrepair such that its condition (1) presents a safety hazard, (2) interferes or threatens to interfere with train movements, the movement of passengers on platforms 7 and 8, or the usage of other facilities within the Amtrak Premises, or (3) constitutes a public nuisance.

Section 5.03. *Emergency Repairs.* In the event of an immediate threat to the safety of persons using Penn Station and, if practicable in the circumstances, after notice to the other party, either party hereto may proceed to undertake such emergency repairs as are reasonably necessary to any portion of Penn Station or to any structure or system therein in order to eliminate or ameliorate such threat. If the obligation to make such repairs would ordinarily have been borne by the other party under the terms of this Lease or under the Joint Facility Agreement, and if, when possible in the circumstances, the acting party has notified, or attempted in good faith to notify, the other party of the emergency and given the

other party an opportunity to act, the other party shall reimburse the acting party for all expenses reasonably incurred in responding to such emergency.

ARTICLE VI

ALTERATIONS

Section 6.01. *Alterations Within LIRR Premises.* LIRR shall have the right to make, or to cause or permit to be made, physical alterations in or to the LIRR Premises without Amtrak's consent, provided that: (1) such alterations do not result in a physical intrusion (except into common pipe and duct galleries and except as provided in Section 7.05 below) into the Amtrak Premises, the portions of Zone 2a outside of the LIRR Premises, or Zones 2b, 2c, 3, 4 or the Third Rail Zone; (2) such alterations do not unduly burden train operations in Zones 2, 3, 4, or the Third Rail Zone; (3) LIRR compensates Amtrak for any additional operating, maintenance or capital costs that Amtrak incurs as a result of such alterations; (4) such alterations, and the work connected with such alterations, do not adversely affect the structural integrity of the Amtrak Premises, the portions of Zone 2a outside the LIRR Premises, or Zone 2b, 2c, 3, 4 or the Third Rail Zone; and (5) except with respect to the West End Concourse, LIRR provides access to the Amtrak Premises for Amtrak, its passengers, employees, and invitees that is at least of equivalent utility to the access that exists on the Effective Date. Except as provided in Sections 6.04 and 7.05 below, Amtrak shall have no right to make, or to cause or permit to be made, physical alterations in or to the LIRR Premises without LIRR's consent.

Section 6.02. *Alterations Within Amtrak Premises or Zone 2c.* Amtrak shall have the right to make, or to cause or permit to be made, physical alterations in or to the Amtrak Premises or Zone 2c without LIRR's consent, provided that:

(1) such alterations do not result in a physical intrusion (except into common pipe and duct galleries and except as provided in Section 7.05 below) into the LIRR Premises, the portions of Zone 2a outside of the LIRR Premises, or Zones 2b, 3, 4 or the Third Rail Zone; (2) such alterations do not unduly burden train operations in Zones 2, 3, 4, or the Third Rail Zone; (3) Amtrak compensates LIRR for any additional operating, maintenance or capital costs that LIRR incurs as a result of such alterations; (4) such alterations, and the work connected with such alterations, do not adversely affect the structural integrity of the LIRR Premises, or Zones 2b, 3, 4 or the Third Rail Zone; and (5) Amtrak provides access to the LIRR Premises for LIRR, its passengers, employees, and invitees that is at least of equivalent utility to the access that exists on the Effective Date. Except as provided in Section 7.05 below, LIRR shall have no right to make, or to cause or permit to be made, physical alterations in or to the Amtrak Premises or Zone 2c without Amtrak's consent.

Section 6.03. *Applicability of Joint Facility Agreement.* Except to the extent changes or additions are permitted or prohibited by other provisions of this Article VI or by Section 7.05 below, nothing in this Lease shall be construed as affecting the applicability of the Joint Facility Agreement to any portion of Zones 2a, 2b, 3 or 4 or the Third Rail Zone that is outside the LIRR Premises.

Section 6.04. *Redevelopment of Air Rights Above Penn Station.* The parties recognize that redevelopment of the air rights above Penn Station is currently being considered, and that any such redevelopment may contemplate the placement of columns, footings, ducts, pipes or similar support or utility conduit structures within the LIRR Premises (other than the West End Concourse) and/or other portions of Zone 2a or Zones 2b, 3, 4 or the Third Rail Zone. This section states the conditions upon which LIRR must give its consent to such redevelopment. If such redevelopment is proposed, and if Amtrak consents to the redevelopment (Amtrak retains the

right to withhold its consent at its sole option or to condition its consent on any terms acceptable to it), LIRR agrees to give its consent to the placement of columns, footings, ducts, pipes and similar support or utility conduit structures within the LIRR Premises and/or other portions of Zone 2a or Zone 2b, 3, 4, or the Third Rail Zone in connection with such redevelopment ("Placement"), and to cooperate in facilitating such Placement (subject to the rights of any third parties), provided that all of the following conditions are met:

(1) Placement must not interfere with (a) LIRR train operations, (b) regular movement of LIRR employees or passengers, or (c) the provision of LIRR passenger services. In determining whether interference with one or more of these activities will occur, the effect thereon of the proposed Placement shall be balanced against proposed ameliorative changes within the affected area (*i.e.*, within the LIRR Premises or within one of the aforementioned zones, as the case may be), and if the net effect would be to leave the LIRR Premises (or the affected zone) in a condition not worse than those Premises (or the affected zone) would be in without the Placement and such ameliorative changes, then no interference shall be found. If LIRR determines that the net effect of a proposed Placement (also taking into account proposed ameliorative changes) would result in interference, it shall provide in writing its reasons for such determination. Such determination shall be presumed to be correct, and in any arbitration proceeding under Section 10.02 concerning such determination, the burden shall be on Amtrak to show that LIRR's determination is incorrect.

(2) The Placement and any ameliorative change proposed must not result in a substantial net loss of usable space. Without limiting the foregoing, any net loss of usable space must be compensated by Amtrak at fair market value.

(3) Amtrak must compensate LIRR for any increased maintenance or capital expenses that LIRR would incur as a result of the Placement and any ameliorative change proposed.

Amtrak shall indemnify and hold LIRR harmless with respect to (a) any payments reasonably made by LIRR to sublessees and licensees on account of the effect of any such Placement (or the ameliorative changes referred to in paragraph (1) above) affecting their leased or licensed premises, and (b) other costs reasonably incurred by LIRR in connection with the effect of the Placement (or such ameliorative changes) on premises under sublease or licensed to third parties.

(4) Amtrak shall be responsible for all damage to the LIRR Premises arising from such Placement (or the ameliorative changes referred to in paragraph (1) above). Further, irrespective of the provisions of Section 13.01 hereof, Amtrak shall be responsible for, and shall defend, settle, and/or satisfy all claims arising from or pertaining to personal injury or property damage relating to the design, construction or installation of such Placement (or ameliorative changes), and shall indemnify and hold harmless LIRR (including officers, agents, employees, and subsidiaries of LIRR) against and from any and all loss, damage and expense arising from or pertaining to such claims irrespective of the negligence or fault of LIRR, except where such claims result from the gross negligence or wanton or willful misconduct of LIRR.

(5) Pipes and ducts that are part of the proposed Placement must, to the extent feasible, be located above the ceiling height levels of the LIRR Premises in existence on the Effective Date.

(6) LIRR agrees that it has no right to share in direct monetary benefits that Amtrak may receive in exchange for its consent and cooperation in proceeding with redevelopment of the air rights; however, LIRR shall be entitled to require that 10.6% of the Value of Benefits shall be spent on improvements or alterations requested by LIRR (exclusive of alterations, or portions of alterations, designed to ameliorate interference under paragraph 1 above). Without limiting the foregoing sentence, the parties contemplate that the contract or other arrangement between Amtrak and the developer (or

the owner of air rights) shall so provide. The Value of Benefits shall consist of the sum of (a) the cost of improvements or alterations within the Penn Station Building that are requested by Amtrak or LIRR and that the developer (or the owner of the air rights) agrees to make in exchange for Amtrak's consent and cooperation (exclusive of those improvements or alterations that the developer or owner proposes to make for its own benefit, in a plan based on the developer's (or owner's) minimum needs for improvements within the Penn Station Building in respect of its redevelopment of the air rights above the station, and exclusive of alterations, or portions of alterations, designed to ameliorate interference under paragraph 1 above), plus (b) the direct monetary benefits to Amtrak, including the present value of estimated future monetary benefits, and (c) the cost of any other direct benefits received by Amtrak from the developer that are related to locations other than Penn Station in exchange for Amtrak's consent and cooperation in proceeding with redevelopment of the air rights above Penn Station.

Section 6.05. *Redevelopment of Air Rights Above Penn Station—Claim of Superior Right.* The parties recognize that a redevelopment of the air rights may be proposed that (1) would result in the placement of columns, footings, ducts, pipes or similar support or utility conduit structures within the LIRR Premises, and that (2) is not consented to by both LIRR (pursuant to Section 6.04 or otherwise in its sole discretion) and Amtrak ("Unconsented Placement").

(a) *Proposed Unconsented Placement.* In the event an Unconsented Placement is proposed by a third party, and in the event that Amtrak and LIRR are unable to persuade the third party to alter the proposed Unconsented Placement so as to make it acceptable to both parties to this Lease, Amtrak and LIRR agree to use their best efforts to prevent such placement. If desired by either Amtrak or LIRR, such efforts shall included an attempt to obtain injunctive relief. The costs of

any legal action or proceeding shall be shared by the parties equally.

(b) *Occurrence of Unconsented Placement.* If, despite the efforts of the parties to prevent an Unconsented Placement, such Placement nevertheless occurs, LIRR shall have such rights as Amtrak may possess to recover damages, including consequential and punitive damages, from a third party for personal injury or property damage to LIRR, its passengers, employees, assignees, lessees, or tenants, occurring within the LIRR Premises and resulting from an Unconsented Placement, during the effectiveness of this Lease, and Amtrak hereby assigns such rights to LIRR. Amtrak also agrees that if, during the effectiveness of this Lease, Amtrak receives a payment from a third party that includes an amount for such personal injury or damage, Amtrak shall pay to LIRR the amount that represents such personal injury or damage.

(c) *Loss of Space Through Unconsented Placement.* For purposes of this paragraph, space within the LIRR Premises which is subject to this Level A Lease, but not including the West End Concourse, will be referred to as either "New Space" or "Old Space." "New Space" refers to the space noted as such on Exhibit A-5, and "Old Space" is the remainder of the LIRR Premises, other than the West End Concourse. A loss of space will be deemed to have occurred at the time of the Unconsented Placement, or at such other time as work related to the Unconsented Placement deprives LIRR of the use of the space. A loss may be temporary (*e.g.*, at the time of the loss it is anticipated that LIRR will be deprived of the use of space only while construction activities are taking place), permanent (*e.g.*, a column will permanently occupy the space), or a combination of the two (*e.g.*, a column will occupy part of the space but additional space will be required for construction activities).

(1) *Old Space.* If an Unconsented Placement occurs that results in a loss of Old Space at a time when the Joint Facility Agreement is in effect, the rights and responsibility of the

parties with respect to such loss shall be determined as though such Old Space were occupied solely pursuant to the Joint Facility Agreement, rather than this Lease, and as though such space were used for purposes consistent with rights granted to LIRR under that Agreement.

(2) *New Space*. If an Unconsented Placement occurs that results in a loss of New Space, and if at the time of the placement, the loss has not been fully compensated by the third party responsible for the Unconsented Placement, then notwithstanding Sections 1.01 and 12.01, Amtrak and LIRR agree to share the risk of such loss in the following manner.

(A) If the loss occurs after the fifteenth anniversary of the Effective Date, Amtrak shall have no responsibility for any such loss, except as provided in Section 6.05(b) above.

(B) If such loss occurs prior to such fifteenth anniversary, then as to New Space that is expected to be lost permanently, beginning on the date that such New Space is lost and ending upon the expiration of forty years from the Effective Date (or such earlier time as LIRR regains the use of the space), Amtrak shall make available to LIRR substitute space on Level A of Penn Station that (1) is suitable for the same types of non-commercial uses as the space occupied as of the Effective Date hereof by the LIRR ticket receivers (*see* Exhibit B), and (2) has a fair market rental value (estimated as of the date that space is made available and consistently with the highest and best use of the space) equal to one-half of the fair market rental value of the New Space permanently lost by LIRR, reduced by any compensation received by LIRR for such lost space. In the event that substitute space as defined in the preceding sentence is not reasonably available, Amtrak shall pay to LIRR from the date the New Space is lost until the expiration of forty years from the Effective Date (or such earlier time as LIRR regains the use of the space) an annual amount equal to one-half the fair market rental value of the New Space lost by LIRR as a result of the placement, reduced by one-half of any compensation received by LIRR

for such lost space. Amtrak's maximum obligation under this paragraph shall be as set forth in paragraph 6.05(c)(2)(D) below.

(C) If such loss occurs prior to such fifteenth anniversary, then as to New Space that is expected to be lost temporarily, Amtrak shall pay to LIRR from the date the New Space is lost until the date that LIRR regains the use of the space (but no later than the expiration of forty years from the Effective Date) an annual amount equal to one-half the fair market rental value of the New Space temporarily lost by LIRR as a result of the placement, reduced by one-half of any compensation received by LIRR for such lost space. Amtrak's maximum obligation under this paragraph shall be as set forth in paragraph 6.05(c)(2)(D) below.

(D) Amtrak's maximum obligation during any year under subparagraphs (B) and (C) above, *i.e.*, (1) the maximum fair market rental value of all substitute space that Amtrak is required to make available during that year under subparagraph (B), together with (2) total payments for that year that are required under subparagraphs (B) and (C)), shall be $75,000 escalated or de-escalated according to changes in the consumer price index (CPI). The amount of Amtrak's maximum obligation for any year shall be calculated on the anniversary of the Effective Date by multiplying $75,000 by a fraction, the numerator of which is the CPI on such anniversary date and the denominator of which is the CPI on the Effective Date.

(E) In any case in which Amtrak is required to make substitute space available or to make payments to LIRR under this Section 6.05, LIRR shall be obligated to use its best efforts to obtain compensation from any third party responsible for the Unconsented Placement, and if a recovery from such third party is received after the date of the loss, Amtrak's obligation to make space available (or to make payment) to LIRR under this paragraph will thereafter be adjusted to reflect such recovery. Disputes as to whether sub-

stitute space is reasonably available, or as to the fair market value of either the lost space or the substitute space, or as to the amount payable to LIRR, or as to other matters under this Section, shall be subject to arbitration under Section 10.01 below.

Section 6.06. *West End Concourse.* Neither Amtrak nor its successors or assigns shall, without the consent of LIRR, consent to the placement of columns, footings, ducts, pipes or similar support or utility structures within the portion of the LIRR Premises that is the West End Concourse; provided, however, that compliance with the terms of this Lease or with a requirement binding on Amtrak of any agreement in existence on the Effective Date shall not constitute a violation of this prohibition. In the event that a party other than Amtrak, its successors or assignees, places columns, footings, ducts, pipes or similar support or utility structures within the portion of the LIRR Premises that is the West End Concourse, without the consent of Amtrak, Amtrak shall have no responsibility to LIRR in connection with such placement, except the following: (1) Amtrak hereby assigns to LIRR such rights as Amtrak may possess to recover damages, including consequential and punitive damages, from such party for personal injury or property damage to LIRR, its passengers, employees, assignees, lessees, or tenants, occurring within the West End Concourse and resulting from such placement during the effectiveness of this Lease; and (2) if, during the effectiveness of this Lease, Amtrak receives a payment from such party that includes an amount for such personal injury or property damage, Amtrak shall pay to LIRR the amount that represents such personal injury or property damage.

Section 6.07. *Pre-existing Rights.* Nothing in this Article VI, whether express or implied, shall be construed to enlarge any pre-existing rights of any third party in respect of alterations in Penn Station.

Section 6.08. *Notice of Proposed Alterations.* The parties recognize the desirability of mutual participation in the development of plans that have an effect on both parties. Each party shall inform the other of proposed physical changes, additions, or alterations in or above Penn Station as early in the planning process as feasible and the parties shall jointly participate in the development of plans in appropriate cases. Notice of a change, addition, or alteration proposed by either party shall be given in writing, setting forth the details of the proposed action. If any such proposal involves (1) alterations that may require the consent of the other party or (2) possible interference with train operations, the regular movement of passengers or employees, or the provision of passenger services, six months' prior notice shall be given to the other party. Within sixty days after receipt, the party receiving such notice shall either notify the other in writing of its disapproval, stating with reasonable specificity the reasons for its disapproval, or it shall be deemed to have approved the proposed action. In the event of a dispute as to whether consent has been wrongfully withheld under this Article VI or in the event of any other dispute as to whether a proposed action would violate any of the provisions of this Article VI, either party may submit the matter to expedited arbitration under Section 10.02 below at any time after receipt of the written notice of disapproval referred to in the immediately preceding sentence. The proposing party shall not commence any such alterations during the sixty day notice period (unless express written approval to do so has been given by the other party) or during the pendency of any expedited arbitration proceeding under Section 10.02.

Section 6.09. *Approved Alterations.* Notwithstanding the provisions of Sections 6.01 through 6.04 above, insofar as those provisions would otherwise be applicable, and without waiving or limiting the right of the parties to insist upon strict adherence to such provisions in the future, the parties hereby agree that the other may undertake the alterations listed in Exhibits F and G, provided that the party making the change: performs all work in a manner that does not unduly interfere with train operations of the other party, the regular movement

of the other party's employees or passengers, or the provision of that party's passenger services; and compensates the other party for any additional operating, maintenance or capital costs that the other party incurs as a result of such alterations; and provided further that to the extent any such alteration would involve a physical intrusion into the Premises of the other party, such intrusion shall be subject to approval of the other party, which approval shall not be unreasonably withheld.

Section 6.10. *Alterations Required by Law.* All changes in or additions to the LIRR Premises which are required by law, rule or regulation, or by the lawful order of any governmental agency, shall be paid by LIRR. The foregoing sentence shall not apply to structural changes, the responsibility for which is in dispute; provided, however, that (1) during such time as the Joint Facility Agreement is in effect, LIRR shall have the responsibility to pay for structural changes within the LIRR Premises to the extent that LIRR would be responsible for such changes under Article IV, paragraph (1)(c) of the Joint Facility Agreement if this Lease were not in effect, and (2) LIRR shall be responsible for all required changes, whether structural or not, within or to the West End Concourse.

ARTICLE VII

UTILITIES

Section 7.01. *Provision of Utilities.* At all times during the term and renewal term hereof, Amtrak shall supply the LIRR Premises with natural gas or other fuel, steam, electrical power, domestic hot and cold water, and chilled water for air conditioning, as reasonably required. Amtrak shall also provide operational systems for the delivery of such utilities as well as plumbing, drainage, and sewage systems (including pumps and ejectors), fire alarm systems, fire lines, sewage

lines, sprinkler systems, and any other utility systems providing services to the LIRR Premises on the Effective Date hereof. Amtrak shall supply the LIRR Premises with the utilities referred to in the first sentence of this Section 7.01 at no less than the same level of service in the LIRR Premises as exists in the Amtrak Premises. In the event that, at some future date, Amtrak ceases to provide intercity rail passenger service through Penn Station, or if for any other reason it ceases to provide utility services to the Amtrak Premises, Amtrak shall continue to provide such services to the LIRR Premises at no less than the level of service that existed prior to such cessation. In the event that, in anticipation of a cessation of services, Amtrak implements a gradual or phased reduction of utility services to the Amtrak Premises, it shall nevertheless continue to provide utility services to the LIRR Premises at the level of service existing prior to the commencement of such gradual or phased reduction of service. Subject to Section 7.03(d), Amtrak shall repair and maintain the utility systems referred to in this paragraph to the extent necessary to enable Amtrak to provide the level of utility service required by this paragraph.

Section 7.02. *Payment for Utility Services.*

(a) *LIRR Obligations.* LIRR shall be solely responsible for, and shall pay to Amtrak, all direct costs attributable to the use or consumption within the LIRR Premises, or within utility equipment areas occupied by LIRR outside the LIRR Premises, of the utilities referred to in Section 7.01 above, or any other agreed upon utilities that are furnished by or through Amtrak. LIRR shall not be responsible for the direct costs attributable to the use or consumption of such utilities within utility equipment areas occupied by Amtrak within the LIRR Premises, for which Amtrak shall be responsible. The utility equipment areas occupied by LIRR outside the LIRR Premises and those occupied by Amtrak within the LIRR Premises are shown on Exhibit C hereto.

(b) *Engineering Study; Interim Charges*. In order to determine the relative use or consumption of utilities in the LIRR Premises and the Amtrak Premises, the parties have agreed, in the Joint Facility Agreement, that they shall promptly commission a joint engineering study of utility usage within Penn Station. Upon completion of such study, the direct costs of utilities shall be shared by the parties in proportion to the relative use or consumption by the parties and their respective sublessees, concessionaires, and derivative users, as determined by such study. If such study is not completed within 180 days after the Effective Date, the proportions determined by the study shall be applied retroactively, beginning with the date that is 180 days after the Lease Effective Date. Notwithstanding the foregoing, LIRR agrees to pay Amtrak all direct costs attributable to the use or consumption of utilities within the West End Concourse and such payment obligation shall be retroactive to the date that the West End Concourse was placed in service. As part of the joint engineering study, the parties shall determine the amount that Amtrak shall be reimbursed for such use or consumption. Either party may, from time to time, request further studies in order to eliminate any inequities resulting from changes in patterns of utility usage within Penn Station. The parties agree that, from the Effective Date until the completion of the engineering study referred to above: (i) LIRR shall continue to reimburse Amtrak under the Joint Facility Agreement for utility charges allocable to the LIRR Premises; and (ii) LIRR shall remit to Amtrak, promptly upon receipt, all payments on account of utilities received by LIRR from concessionaires situated within the LIRR Premises. Following completion of the joint engineering study referred to above, Amtrak shall provide monthly invoices to LIRR, which shall be issued concurrently with billings under the Joint Facility Agreement, setting forth LIRR's proportionate share of utility charges in respect of the LIRR Premises, and setting forth LIRR's proportionate share of the costs of repairs, replacements, and modifications to utility systems, as determined pursuant to Section 7.03 below.

Amtrak and LIRR shall have such rights to prompt payment, audit, protest, recoupment, and interest in respect of such invoices as are provided in Article VI (14) of the Joint Facility Agreement, which provision, as it may from time to time be amended, is hereby incorporated herein by reference.

Section 7.03. *Repairs, Replacements, and Modifications of Utility Systems*.

(a) *Ordinary Maintenance and Repair*. LIRR shall share in the cost of such ordinary maintenance and repairs of the systems referred to in Section 7.01 above as are necessary to assure continuation of the level of service required by that Section. LIRR's share of the cost of such maintenance and repairs of utility systems shall be the same percentage as its share of the direct costs in respect of the use or consumption of the utility provided by the system to which the repair is made, as determined by the most recent joint engineering study referred to in Section 7.02 above, and with indices applied to direct costs as provided in Article VI(12) of the Joint Facility Agreement, as that provision may from time to time be amended. LIRR's share of the cost of such maintenance and repairs of building systems that do not supply a consumable utility on a regular basis (such as the fire alarm system) shall equal the percentage obtained by dividing the square footage of the LIRR Premises serviced by such system by the total square footage in Penn Station serviced by such system. Amtrak shall provide to LIRR monthly invoices of the charges provided for in this Section 7.03(a), which shall be issued concurrently with utility billings under the Joint Facility Agreement, and to which the provision of Article VI (14) of the Joint Facility Agreement, as that provision may be amended, shall apply.

(b) *Replacements and Modifications*. LIRR shall share in the capital costs of such replacements and modifications to the systems referred to in Section 7.01 above as are necessary to assure continuation of the level of service required by that

Section. LIRR's share of such capital costs shall be the same percentage as its share of ordinary repair costs of such system, as determined under subsection (a) of this Section 7.03 by the most recent engineering study prior to such replacement or modification. To the extent that LIRR determines it is necessary to modify the systems to provide utilities to the space currently leased to Mid-City Associates, and to the extent that such modifications do not also serve the Amtrak Premises, LIRR's share of the capital cost of such modifications shall be 100 percent. At the end of each month following the date on which such replacement or modification is placed in service, LIRR shall pay Amtrak a "monthly amount", determined by dividing the LIRR share of such capital costs by the number of months contained in the estimated useful life of the replacement or modification. LIRR shall also pay to Amtrak, on a monthly basis, interest on that portion of the LIRR share of such capital costs then outstanding. The interest rate shall be revised semi-annually, with the rate equal to the six month United States treasury bill rate in effect on the first day of the month preceding the date the rate is determined. LIRR's obligation to pay a "monthly amount," or monthly interest, shall be limited to the term of the Lease (or its renewal term if renewed by LIRR). Amtrak shall provide to LIRR monthly invoices of the above amounts, which shall be issued concurrently with billings under the Joint Facility Agreement and to which the provisions of Article VI (14) of the Joint Facility Agreement shall apply. Notwithstanding the provisions of this subsection or of Section 7.01 above, if during the Original Term (or the Renewal Term) of this Lease, LIRR notifies Amtrak that it intends to surrender the LIRR Premises prior to the end of such term, or to provide a separate utility system as permitted under Section 7.03(d) below, Amtrak shall thereafter have no obligation to make capital investments (as contrasted with ordinary maintenance and repairs) in order to assure continuation of the level of service required by Section 7.01. In that event, LIRR shall not be

obligated to share in any such capital investment that Amtrak thereafter voluntarily makes.

(c) *Disputes*. Notwithstanding the provisions of subsection (b) of this Section 7.03, LIRR may, but shall not be required to, share in the capital costs of any replacement or modification to a system referred to in Section 7.01 above if such replacement or modification is not necessary to maintain the level of service required by that Section. Disputes as to whether any replacement or modification is necessary or subject to sharing under this Section 7.03 shall be subject to arbitration under Article X below.

(d) *LIRR Alterations*. Nothing herein contained shall bar LIRR from carrying out, at its own expense, the installation, repair, replacement, alteration, or renewal of any utility system or subsystem within the LIRR Premises; provided, however, that any and all such actions shall be subject to the provisions of Article VI and Section 7.05 below.

Section 7.04. *Separate Metering by LIRR*. The parties hereto acknowledge that LIRR intends to install separate meters to measure electrical usage in the LIRR Premises. All work undertaken in connection with any such installation shall be subject to the provisions of Article VI above. Following the installation of separate electrical meters, LIRR shall be responsible for the direct payment (instead of payment to Amtrak) of all charges and expenses for usage of electricity in the LIRR Premises and shall continue to pay to Amtrak all charges for any other utilities not separately metered, as provided in Section 7.01 above.

Section 7.05. *Location of Utility Equipment*. Each of the parties may continue to occupy the utility equipment areas in the premises of the other, as shown on Exhibit C, without charge, for so long as such utility use is continued therein. Each party may also continue to occupy without charge, and for so long as such utility use continues therein, the areas in the premises of the other currently utilized for pipes, ducts

and conduits. Sections 12.02 and 12.03 give the parties certain rights with respect to the repair, renewal and replacement of the equipment, pipes, ducts, and conduits referred to in the foregoing two sentences, and this Section 7.05 is not intended to modify or limit the rights there set forth.

In connection with LIRR's plans to install or modify air conditioning and other utility systems within the LIRR Premises, or in connection with Amtrak's need to provide and maintain utility services throughout Penn Station, each party shall install utility equipment (including pipes, ducts and conduits) that is not covered by the first two sentences of this Section ("Additional Utility Equipment") within its own premises to the extent feasible, but may need to use certain areas outside of its premises for the placement of such Additional Utility Equipment. A party desiring to install such equipment outside its own premises shall locate such equipment so as to minimize interference with the other party's needs for space (1) for its own operations (or those of its derivative users) or (2) for future commercial development, and so that pipes and ducts shall generally be located in the air space above existing ceilings. Each party agrees to furnish the other party such space in mutually acceptable locations, provided that such space (i) does not have substantial potential for commercial development, and (ii) is not required by the other party for its own operations, and provided that the proposed installation will not substantially compromise the architectural integrity of the affected area. Such space shall be furnished rent-free, provided however, that if the parties agree, in any instance, that particular equipment should be located in an area that has substantial potential for commercial development or that may otherwise be required for the other party's operations, the party desiring to install the equipment must pay the other party the fair market rental value for such space. A party locating such equipment shall also reimburse the other party for any damage or additional cost resulting from the installation. Disputes as to whether a particular area has substantial commercial potential, or as to

an appropriate rental, shall be subject to arbitration under 10.01 below.

Section 7.06. *Force Majeure.* Performance of Amtrak's obligations under this Article VII shall be subject to interruptions attributable to force majeure.

ARTICLE VIII

CONCESSION AGREEMENTS

Section 8.01. *Concession Agreements.* Amtrak shall use its best efforts to obtain the consent (where such consent is necessary) of all tenants under leases of space and concession agreements currently in effect in whole or in part within the LIRR Premises (the "Concession Agreements") to an assignment to LIRR of any of Amtrak's interests in those Concession Agreements that relate to the LIRR Premises. Within sixty days after the Effective Date, Amtrak shall assign and convey to LIRR, by separate agreement, such interests in those Concession Agreements, such assignment to be effective as of the Effective Date, except where the consent of the tenant (if necessary) shall not have been obtained. The form of the assignment and the identity of the Concession Agreements that are in effect within the LIRR Premises are set forth in Exhibits D and E hereto, respectively. In any situation in which consent of the tenant is required and Amtrak is unable to obtain such consent, Amtrak agrees (1) to designate LIRR its agent for purposes of exercising the interests of the Lessor under the Concession Agreement to the extent those interests relate to the LIRR Premises, and (2) if a Concession Agreement relates only in part to the LIRR Premises, to negotiate an equitable division, as between Amtrak and LIRR, of the rents or other revenues payable to the Lessor under that Concession Agreement, effective as of the Effective Date hereof. Moreover, Amtrak agrees to consent to any action by LIRR to condemn any property within the LIRR Premises that is under

lease or subject to a concession agreement. LIRR shall indemnify and hold Amtrak harmless against and from any and all loss (including loss of revenues), damage and expense arising from or pertaining to such condemnation action or any action taken by LIRR as agent for the Lessor under a Concession Agreement; provided, however, that Amtrak shall have a duty to mitigate such loss, damage and expense. Any claim of injury under the preceding sentence, and any dispute with respect to an equitable division of rents or other revenues, shall be subject to arbitration under Section 10.01, provided that (1) wherever fifteen (15) days is provided for therein as a period within which to act, the period shall be five (5) days in lieu thereof, (2) in addition to satisfaction of the notice provision in Section 15.03 below, a copy of any notices initiating arbitration hereunder or responding thereto shall be provided to the Assistant Vice-President Real Estate in the case of Amtrak, and the MTA Director of Real Estate in the case of LIRR, and (3) the third arbitrator shall be a person experienced in the real estate field.

Section 8.02. *Indemnification Relating to Certain Concession Agreements*. Notwithstanding any other provision of this Agreement, Amtrak shall indemnify and hold LIRR harmless from and against any damages, costs, expenses, claims, suits, or proceedings arising out of a claim by Gourmet Management, Inc., The Horn & Hardart Company, or MSD Penn Station Shoe Repair under concession agreements involving any of those lessees (or their successors or assigns) that were entered into by Amtrak and assigned (in whole or in part) to LIRR pursuant to Section 8.01, provided that (1) the Title Policy obtained pursuant to Section 1.03 does not injure LIRR against such claim, (2) the claim asserted by such lessee is that its possession has been disturbed by an entity other than LIRR (or an entity that obtains its rights by, from or through LIRR) in violation of a warranty of quiet enjoyment made by Amtrak and contained in such concession agreement, and (3) LIRR has not had a right to terminate such agreement pursuant to the terms of the agreement and without cost to LIRR.

LIRR shall be obligated to mitigate any damages, costs, expenses or claims asserted against Amtrak. Such duty to mitigate shall include, but not be limited to, the exercise of any rights that LIRR may possess to recover from a party other than Amtrak whose actions have disturbed the possession of the lessee.

* * *

ARTICLE XII

QUIET ENJOYMENT; RIGHTS RESERVED; EASEMENTS

Section 12.01. *Covenants and Agreements of Amtrak.*

(a) Since 1966, LIRR has possessed certain rights under the Joint Facility Agreement to use and occupy most of the areas referred to in this Lease as the LIRR Premises. Those rights under the Joint Facility Agreement will be referred to as "Old Rights." As to those Old Rights, the covenant of quiet enjoyment contained in the Joint Facility Agreement shall continue in effect during the effectiveness of that Agreement, and the provision of Section 1.01 of this Lease making the demise subject to the state of title shall not affect those rights. The additional rights and easements that are granted to LIRR in this Lease (including all rights obtained by LIRR from Amtrak with respect to the West End Concourse) will be referred to as "New Rights." As to those New Rights, the provision of Section 1.01 of this Lease making the demise subject to the state of title as of the Effective Date (except as to matters set out in an Exhibit H to be added on the Effective Date) shall be applicable, and Amtrak covenants that, as long as LIRR shall pay the rental hereunder and shall observe and perform all of the covenants, terms, conditions, and agreements of this Lease to be observed or performed by LIRR, LIRR shall, during the Original Term and the Renewal Term, peacefully and quietly enjoy such New Rights without molestation or hindrance by Amtrak or its successors or

assigns; provided, however, that the exercise by Amtrak (or its successor or assign) of any right provided in this Lease shall not constitute a molestation or hindrance by it. The covenant set forth in the preceding sentence shall also extend to any Old Rights that are covered by this Lease, during any period of time that this Lease is in effect but the Joint Facility Agreement is not in effect. The rights provided to LIRR under Sections 6.04, 6.05, 8.01 and 8.02 shall constitute New Rights, but such designation shall not derogate from the rights expressly provided LIRR in such sections. Amtrak agrees that it shall not pledge, mortgage, or encumber the LIRR Premises unless such pledge, mortgage, or encumbrance shall be subject to this Lease.

(b) The covenant of quiet enjoyment contained in subsection (a) above is subject to any rights of the City of New York in and to the LIRR Premises pursuant to that certain Franchise Agreement dated October 9, 1902, as amended, by and between the Board of Rapid Transit Railroad Commissioners for the City of New York and Amtrak's predecessor in interest, the Pennsylvania, New York and Long Island Railway Company (the "Franchise"). Amtrak intends to comply with its obligations under the Franchise, but reserves full rights to contest and litigate any disputed issues arising under or in connection with the Franchise. During any period in which it is required to take some action pursuant to its obligations under the Franchise, Amtrak shall comply with such requirement. If Amtrak should discontinue or abandon intercity rail passenger service in the Franchise area (other than a temporary cessation of service) and if such discontinuance or abandonment would, in the absence of an assignment of portions of the Franchise to LIRR, adversely affect LIRR's quiet enjoyment of the LIRR Premises, then Amtrak shall, at LIRR's option, and subject to any required governmental approvals, assign to LIRR, without cost, such portions of the Franchise as may be necessary to assure LIRR's continued quiet enjoyment of the LIRR Premises during the Original Term and the Renewal Term.

Section 12.02. *Reservation of Rights by Amtrak.* Amtrak hereby reserves to itself and its transferees, successors, and assigns the following easements and rights in and to the LIRR Premises:

(i) A non-exclusive easement and right in Amtrak, its employees, contractors, passengers, and invitees, in common with the public, for ingress and egress to pass and repass in, over, through and across, and use and enjoyment of, all areas within the LIRR Premises that may, from time to time, be open to the public; such right shall be subject to the conditions under which such premises are open to the public and shall be exercised by means of such corridors, lobbies, public areas and pedestrian or vehicular ways, and by means of such elevators, escalators or other facilities for movement of persons or property as may from time to time be open to and used by the public.

(ii) All of Amtrak's right, title, and interest in and to all utility equipment, pipes, ducts, and conduits currently located within Penn Station, including the contents thereof, whether or not the same shall be located in whole or in part within the LIRR Premises, and an easement for the location and placement of all such currently located utility equipment, pipes, ducts, and conduits, and of utility equipment, pipes, ducts and conduits added by Amtrak in the future pursuant to Section 7.05 of this Lease.

(iii) A non-exclusive easement and right of access between the Amtrak Premises and the present subway entrances at Seventh and Eighth Avenues, as shown on Exhibit I (except through the West End Concourse), while they remain open, and to such substitute entrances, or entrances to substitute rapid transit facilities, as may be constructed in the future, insofar as the access to those entrances is controlled by LIRR, all subject to the

conditions upon which such entrances are open to the public.

(iv) Subject to the rights of LIRR pursuant to Article VI above, an easement and right of access in, over, under, across, and through the LIRR Premises to the extent necessary or desirable in order to use, operate, maintain, replace, repair, remove, add to, substitute, change, restore, renovate, or renew all structural elements, lines, poles, pipes, ducts, conduits, wiring, fixtures, appliances, building systems, and equipment located within Penn Station as of the Effective Date of this Lease, whether or not the same shall be located in whole or in part within the LIRR Premises, and utility equipment, pipes, ducts and conduits added by Amtrak in the future pursuant to Section 7.05 of this Lease.

(v) An easement and right in Amtrak, its employees, contractors, passengers, and invitees, in common with the public, for ingress and egress to pass and repass in, over, through and across, and use and enjoyment of, the platforms that are part of the LIRR Premises and the stairways and escalators listed on Exhibit A-4, such easement and right to be exercisable during any period when LIRR has ceased to provide rail service to Pennsylvania Station (other than a temporary cessation of service), subject to LIRR's rights under the Joint Facility Agreement. The easements and rights granted in this paragraph are not exclusive, but are not conditional upon use, or rights of use or an easement by or in persons or entities other than Amtrak, its employees, contractors, passengers or invitees.

All easements and rights reserved and retained in this Section 12.02 shall burden and run with the LIRR Premises, and shall be for the benefit of Amtrak, its successors, transferees, and assigns, and shall include the employees, agents,

licensees, and invitees of Amtrak, its successors, transferees, and assigns.

Section 12.03. *Grant of Easements to LIRR.* Amtrak hereby grants to LIRR, its successors, transferees and assigns, the following easements and rights in and to Penn Station:

(i) A non-exclusive easement and right in LIRR, its employees, contractors, passengers, and invitees, in common with the public, for ingress and egress to pass and repass in, over, through, and across, and use and enjoyment of, all areas within Penn Station that may, from time to time, be open to the public, including a right of ingress and egress between the LIRR Premises and the city streets outside of Penn Station; such right shall be subject to the conditions under which such premises are open to the public and shall be exercised by means of such corridors, lobbies, public areas and pedestrian or vehicular ways, and by means of such elevators, escalators or other facilities for movement of persons or property, as may from time to time be open to and used by the public.

(ii) An easement and right of access in, over, under, across, and through such portions of Penn Station as are necessary (but without limiting LIRR's rights pursuant to the third sentence of this paragraph), and an easement and right of access between the LIRR Premises and the city streets outside of Penn Station as are necessary (but without limiting LIRR's rights pursuant to the third sentence of this paragraph), in order that LIRR may exercise the rights granted hereunder and carry out its obligations hereunder; provided that such easements and rights shall not give LIRR any right to an enlargement of the level of access that exists on the Effective Date or any right to diminish the usable space within the Amtrak Premises. The easements and rights granted in this paragraph are not exclusive, but are not conditional upon use, rights of use, or an easement by or in persons or entities other

than LIRR, its employees, contractors, passengers, or invitees. Notwithstanding anything to the contrary contained in the Joint Facility Agreement relating to access to and from the LIRR Premises, during the term and renewal term of this Lease, Amtrak reserves the right to change the location of access points to and within Penn Station, except access locations that are within the LIRR Premises, but agrees that neither it nor its successors or assigns shall take any action or consent to any action (without the consent of LIRR) that has the effect of diminishing the level or utility of access that exists on the Effective Date. Exhibit I shows the present configuration of Penn Station; stairways, escalators and elevators within Penn Station are indicated, along with entrances at street level, exclusive of access locations wholly within the LIRR Premises and access locations within the jurisdiction of the New York City Transit Authority. The access locations indicated on Exhibit I and access between those locations and the public streets are intended to be covered by the title insurance obtained by LIRR. If Amtrak changes an access location, the title of the substitute access location, and of access between that location and the city streets at street level, shall not be such as to increase the risk that access may be terminated or impaired by reason of matters of title. Any dispute as to whether a proposed change of access location (or of access between such location and the city streets at street level) is consistent with the terms of this paragraph shall be subject to expedited arbitration pursuant to Section 10.02; provided, however, that an arbitration award approving such change against a challenge that the proposed substitute access location, or access between that location and the city streets at street level, is at increased risk of being terminated or impaired by reason of matters of title shall not foreclose LIRR from asserting a claim against Amtrak under this paragraph if access through such substitute access location is thereafter terminated or impaired by reason of the lesser quality of title of either the substitute access location or of access to the city streets through such location.

(iii) Subject to the rights of Amtrak pursuant to Article VI above, an easement and right of access in, over, under, across, and through Penn Station to the extent necessary or desirable in order to use, operate, maintain, replace, repair, remove, add to, substitute, change, restore, renovate, or renew all utility equipment, lines, poles, pipes, ducts, conduits, wiring, fixtures, appliances, and equipment owned or operated by LIRR and located within Penn Station as of the Effective Date of this Lease and utility equipment (including pipes, ducts and conduits) added by LIRR in the future pursuant to Section 7.05 of this Lease.

All easements and rights granted by this Section 12.03 shall be coterminous with this Lease, shall burden and run with the land, and shall be for the benefit of LIRR, its successors, transferees and assigns, and shall include the employees, agents, licensees, and invitees of LIRR, its successors, transferees and assigns.

Section 12.04. *Enforcement of Rights Under Lateral Support Agreement*. Amtrak agrees that it shall exercise such rights as it may possess to enforce the lateral support obligations contained in the Lateral Support Agreement dated March 18, 1970, between Penn Central Transportation Company, Bowery Savings Bank and Mid-City Associates, recorded on April 24, 1970 in the Office of the Register of New York County (the "Register") in Reel 171, pg. 1704, as amended on July 8, 1970 and recorded in the Register on July 14, 1970 in Reel 178, pg. 1417, to the extent that a failure to enforce such obligations could adversely affect the LIRR Premises.

Section 12.05. *Access Through the Mid-City Associates Lease Area*. Amtrak hereby grants a non-exclusive easement

to LIRR coextensive with Amtrak's right to use a passageway or other accessway starting at the northern line of 33rd Street and ending at the southerly line of 34th Street between Seventh and Eighth Avenues deriving from an agreement dated March 13, 1927 from the Stuyvesant Real Estate Company and Hotels Company, Inc. to Pennsylvania Tunnel and Terminal Railroad Company, or otherwise derived from a predecessor agreement to the 1927 agreement, or from any other agreement (the "Predecessor Easement"). Such Predecessor Easement, indicated on Exhibit J, has been superseded by a substituted access area pursuant to paragraphs 6 and 36 of a lease between Penn Central Company and Mid-City Associates dated November 21, 1968, which lease is being assigned by Amtrak to LIRR effective as of the Effective Date hereof. LIRR shall not diminish Amtrak's level of access, as it exists as of the Effective Date, through the Mid-City Associates leased area while the Mid-City Associates Lease is in effect. During any period when the Mid-City Associates Lease is not in effect, LIRR shall afford Amtrak access through the Franchise area at a level which is no less than the lesser of (a) the level of access effective on the Effective Date, and (b) the greater of (1) a level of access consistent with the existence and continuation of the Predecessor Easement, and LIRR's joint use thereof and (2) the actual access afforded by abutting owners without cost to LIRR, which LIRR shall not reduce or unreasonably refuse. The rights granted by Amtrak under this paragraph and the obligations imposed upon LIRR are subject to the Franchise, as referred to in Section 12.01(b) herein. Nothing herein is intended to waive any right of LIRR under the Joint Facility Agreement.

ARTICLE XIII

LIABILITY; CASUALTY; CONDEMNATION

Section 13.01. *Liability.*

(a) Subject to Section 13.01(d), all liability for personal injury and property damage occurring within the LIRR Premises (including the portions of platforms and the escalators, elevators, and stairways that are within the LIRR Premises) shall be borne entirely by LIRR.

(b) Subject to Section 13.01(d), all liability for personal injury and property damage occurring on Level B or in Zone 1, other than within the LIRR Premises, shall be borne entirely by Amtrak.

(c) Subject to Section 13.01(d), each party shall be responsible for, and shall defend, settle, and/or satisfy all claims arising from or pertaining to personal injury and property damage, the liability for which has been allocated to it by the provisions of paragraphs (a) or (b) of this Section 13.01, and shall indemnify and hold harmless the other party (including officers, agents, employees, and subsidiaries of the other party) against and from any and all loss, damage and expense arising from or pertaining to such claims, irrespective of any negligence or fault of such other party (or of its officers, agents, employees, or subsidiaries). The provisions of this Section 13.01 are not intended to, and shall not, confer benefits upon any person not a party to this Lease. The provisions of this Section 13.01 are not intended to, nor shall they, affect in any manner the obligations of Amtrak or LIRR hereunder in respect of damage to Penn Station caused by fire or other casualty. All such obligations, including any obligation to restore or rebuild, shall be governed by Section 13.02 below.

(d) The foregoing paragraphs (a) through (c) shall not make either Amtrak or LIRR liable for personal injury or property damage, or claims arising from such personal injury

or property damage (including claims for punitive damages), where the personal injury or property damage results from the gross negligence or willful or wanton misconduct of the other (including its officers, agents, employees and subsidiaries).

Section 13.02. *Casualty Loss or Damage.*

(a) In the event of damage to or destruction of the LIRR Premises or any part thereof, by fire or otherwise, that would affect the use of the Amtrak Premises by Amtrak, its passengers, or employees, LIRR shall promptly give written notice thereof to Amtrak, and LIRR shall, at LIRR's sole cost and expense, cause the same to be restored, repaired, replaced, rebuilt, or altered in a manner that will, as nearly as possible, eliminate such adverse effect on the use of the Amtrak Premises by Amtrak, its passengers, or employees, and that will, as nearly as possible, assure that the portions of the LIRR Premises used by Amtrak, its passengers, or employees will be of a condition and quality equivalent to that provided prior to the casualty loss. Any changes or alterations shall be subject to the provisions of Article VI above. Such restorations, repairs, replacements, rebuilding, or alterations shall be commenced as promptly as possible in the circumstances, taking intro account any delays due to adjustment of insurance, preparation of plans and specifications, and applications for necessary licenses or permits, and shall thereafter be prosecuted with diligence. No compensation or reduction or abatement of rent shall be paid or allowed by Amtrak by reason of such damage or destruction.

(b) In the event of damage to or destruction of any portion of the Amtrak Premises, by fire or otherwise, that would affect the use by LIRR, its passengers, or employees of the LIRR Premises, Amtrak shall promptly give written notice thereof to LIRR, and Amtrak shall, at Amtrak's sole cost and expense, cause the same to be restored, repaired, replaced, rebuilt, or altered in a manner that will, as nearly as possible, eliminate such adverse effect on the use of the LIRR Premises

by LIRR, its passengers, or employees, and that will, as nearly as possible, assure that the portions of the Amtrak Premises used by LIRR, its passengers, or employees will be of a condition and quality equivalent to that provided prior to the casualty loss. Any changes or alterations shall be subject to the provisions of Article VI above. Such restorations, repairs, replacements, rebuilding, or alteration shall be commenced as promptly as possible in the circumstances, taking into account any delays due to adjustment of insurance, preparation of plans and specifications, and applications for necessary licenses or permits, and shall thereafter be prosecuted with diligence. No compensation or reduction or abatement of rent shall be paid or allowed by Amtrak by reason of such damage or destruction.

Section 13.03. *Condemnation.* If the whole of the LIRR Premises shall be taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose, then the term of this Lease shall cease and terminate as of the date when title vests in such governmental or quasi-governmental authority. If less than the entire LIRR Premises is taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose, then the term of this Lease shall cease and terminate with respect to any portion of the LIRR Premises so taken or condemned as of the date when title vests in such governmental or quasi-governmental authority, and the Lease shall otherwise continue in full force and effect. If all or any portion of the LIRR Premises is taken or condemned by any governmental or quasi-governmental authority, LIRR shall be entitled to seek a separate award for the value of its leasehold interest in any portion of the LIRR Premises that is so taken or condemned.

ARTICLE XIV

SURRENDER

Section 14.01. *Surrender of LIRR Premises.* Anything herein to the contrary notwithstanding, LIRR may surrender the LIRR Premises at any time during the term of this Lease; provided (a) that it has notified Amtrak in writing of its intent to surrender not less than one calendar year prior to the date on which such surrender becomes effective; (b) that at the time of such surrender the LIRR Premises shall be returned to Amtrak in substantially its present state of repair, reasonable wear and tear excepted, subject to LIRR's rights under the Joint Facility Agreement, if any, and to Sections 5.02 and 13.02(a); and (c) that irrespective of such surrender, LIRR shall remain liable for all its obligations and liabilities under this Lease that accrue prior to the date of such surrender, subject to the last sentence of Section 7.03(b) above. Upon such surrender, the Lease shall be terminated.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the date first above written.

ATTEST:	NATIONAL RAILROAD PASSENGER CORPORATION
/s/ [ILLEGIBLE]	By: /s/ [ILLEGIBLE]
[Corporate Seal]	
ATTEST:	THE LONG ISLAND RAIL ROAD COMPANY
/s/ [ILLEGIBLE]	By: /s/ [ILLEGIBLE]
[Corporate Seal]	

* * *

AMTRAK SPACE INSIDE LIRR PREMISES ON LEVEL A

SPACE	*AREA (S.F.)*
TICKET RECEIVERS AND MEDICAL FACILITIES	4,900
MAINTENANCE OF EQUIPMENT WELFARE	900
PUBLIC TOILETS	2,600

LIRR SPACE OUTSIDE LIRR PREMISES ON LEVEL A

SPACE	*AREA (S.F.)*
TRAINMAN'S WELFARE	2,550
TICKET RECEIVERS	1,950
USHERS LOCKER ROOM	1,100

* * *

EXHIBIT D

TERMS OF ASSIGNMENT
OF
CONCESSION AGREEMENTS

Section 1.01. Concession Agreements to be Wholly Assigned. Within sixty days after the Effective Date, Amtrak shall assign and convey to LIRR, effective as of the Effective Date, all of its right, title and interest in each of the leases, licenses, permits, and other agreements ("Concession Agreements") identified in Part I of Exhibit E of this Lease. (Lease numbers in the Exhibit are the Amtrak file numbers of the Concession Agreements.)

Section 1.02. Concession Agreements to be Assigned in Part. The Concession Agreements identified in Part II of Exhibit E pertain to premises located both within and outside of the LIRR Premises. Amtrak shall use its best efforts to obtain from the lessee, licensee, permittee, contractor or concessionaire ("Tenant") under each such Concession Agreement two new concession agreements to substitute for the existing Concession Agreement, each such successor agreement to contain terms identical to the terms of the existing Concession Agreement, except as to the space or locations covered, and as to rentals and other income payable by the Tenant. Of any two such successor concession agreements substituting for one Concession Agreement, one shall cover the space or locations within the LIRR Premises and one shall cover the space or locations outside the LIRR Premises. Revenues and other income provided for in any such existing Concession Agreement shall be equitably allocated between the successor concession agreements, as agreed to by the parties to this Lease or by arbitration as provided in Section 8.01 of this Lease. Any other provision in an existing Concession Agreement which by its nature is not susceptible to identical reproduction in both successor concession agreements shall

be disposed of as agreed to by the parties to this Lease or by arbitration as provided in Section 8.01 of this Lease.

Upon execution of any such successor concession agreements, Amtrak shall assign to LIRR, effective as of the Effective Date hereof, all of its right, title and interest in any successor concession agreement which covers space or locations within the LIRR Premises.

Amtrak shall exercise best efforts under this section within a 60-day period after the Effective Date of this Lease to conclude such agreements, and LIRR shall cooperate with Amtrak in those efforts. With respect to any Concession Agreement as to which Tenant shall not have consented to the substitution of two successor concession agreements within sixty days after the Effective Date of this Lease, Amtrak hereby designates LIRR its agent for purposes of exercising the interests of the lessor or licensor under such Concession Agreement but only to the extent those interests relate to rights granted in the LIRR Premises, effective as of the Effective Date of the Lease, as provided in Section 8.01 of the Lease, and Amtrak and LIRR shall agree within said 60-day period to an equitable division, as between Amtrak and LIRR, of the rents or other income payable to Amtrak under that Concession Agreement, as provided in Section 8.01 of the Lease, and subject to arbitration as provided for therein if the parties are unable to agree on the terms of such agency and division. Except as otherwise provided in this Section 1.02, no such Concession Agreement shall be amended without the consent of LIRR to the extent such amendment affects the LIRR Premises.

Section 1.03. Winston Network Agreement. With respect to the Concession Agreement which is a license agreement dated as of December 1, 1985, between Amtrak and Winston Network, Inc. ("Winston"), the parties hereto shall agree upon the ownership of inventory of advertising signs and similar material as between Amtrak and Winston, and upon such identification, which shall be made within sixty days of the

Effective Date hereof, Amtrak shall convey to LIRR the inventory within the LIRR premises which it owns, if any, together with its certification of such prior ownership. Amtrak shall take such action as necessary to remove such advertising signs from coverage by its agreement with Winston.

Section 1.04. New York Telephone. With respect to the Concession Agreement which is the Service Agreement dated August 30, 1967, between the Pennsylvania Tunnel and Terminal Railroad Company, predecessor in interest to Amtrak, and the New York Telephone Company (Lease No. 31-01-008), the provisions of Section 1.02 shall apply. The allocation of rentals in the successor agreements thereunder shall be made in accordance with applicable tariffs and upon the basis of the revenues derived from the coin-operated telephones located within the LIRR Premises on the one hand and the revenues derived from such telephones outside the LIRR Premises on the other hand. Locations shall be determined on the basis of a physical inventory.

Section 1.05. Mid-City Associates Lease. With respect to that Concession Agreement which is the Agreement of Lease between the Penn Central Company (predecessor in title and interest to Amtrak) and Mid-City Associates dated as of November 21, 1968, as amended ("Mid-City Lease"), Amtrak shall use its best efforts to enter into two substitute concession agreements as provided in Section 1.02 hereof, except that one such agreement ("Agreement A") shall cover garage space on other than the Concourse Level (Level A) referred to in the Fourth Modification Agreement to the Mid-City Lease and storage space on other than the Concourse Level (Level A), as referred to in Section 4(b) of said Lease; the other such substitute Agreement ("Agreement B") shall cover the remainder of the premises demised in the Mid-City Lease, including the Access Area referred to under Section 36 of the Mid-City Lease. Agreement B shall provide for the inclusion of all the rent and other revenues from the Demised Premises and from the Income Producing Areas, both as defined in the

Mid-City Lease. Amtrak shall assign Agreement B to LIRR upon execution, to be effective as of the Effective Date. If, Amtrak having used its best efforts for a period of sixty days after the Effective Date, substitute concession agreements are not entered into, Amtrak shall thereupon assign the Mid-City Lease in its entirety to LIRR, effective as of the Effective Date, and LIRR shall (1) use its best efforts to negotiate successor concession agreements with the lessee under the Mid-City Lease, one to cover the same space as Agreement A and one to cover the same space as Agreement B, and shall assign Agreement A to Amtrak effective as of the Effective Date hereon, and (2) if, LIRR having used its best efforts for a period of sixty days, substitute concession agreements are not entered into, LIRR shall at the end of that period designate Amtrak its agent for purposes of exercising the interests of the lessor in the Mid-City Lease, but only to the extent of what would have been included in Agreement A. LIRR shall afford Amtrak access through the Access Area to the same extent as provided in Section 12.02(i) of the Lease. The parties shall cooperate with each other's efforts to obtain substitute concession agreements under this Section. Except as otherwise provided in this Section, the Mid-City Lease shall not be amended without Amtrak's consent to the extent such amendment affects the space to be covered by Agreement A.

Section 1.06. Gourmet Management, Inc. and Two Operating, Inc. (a) The parties are negotiating separate agreements with Gourmet Management, Inc. ("Gourmet") that contemplate severance of Gourmet's lease dated December 21, 1979 (the "GM Lease"), on terms satisfactory to the parties and to Gourmet. The parties will continue to use their best efforts to achieve such a severance and also to obtain a severance with respect to a lease held by Gourmet's affiliate, Two Operating, Inc. and dated November 5, 1969. In the event that the parties fail to obtain a severance of the GM Lease on or before the Effective Date of this Lease, then Section 1.02, as supplemented by subsections (b) and (c), below, shall apply to this assignment of the lease to LIRR.

(b) From and after the Effective Date, the parties will share all rents payable under the GM Lease in proportion to the square footage that Gourmet occupies within and without the LIRR Premises under the GM Lease.

(c) LIRR believes that as of the Effective Date hereof, Gourmet is in violation of the use and subletting clauses in Paragraphs THIRD and SIXTH of the GM Lease and is accordingly in default thereunder. Amtrak agrees that on and after the Effective Date, it shall not, without the consent of LIRR, execute any written waiver (as contemplated in Paragraph EIGHTEEN of the GM Lease) of the provisions of Paragraphs THIRD and SIXTH as they relate to the LIRR Premises, or of any other provision of the GM Lease insofar as it relates to the LIRR Premises, or of any provision of any successor lease with Gourmet relating to the LIRR Premises, nor shall it take, permit, or omit any action that it knows would have the same effect as such a written waiver, nor shall it take, permit, or omit any action that it knows or should know would have the same effect as a written waiver of the provisions of Paragraphs Third and Sixth as they relate to the LIRR Premises, or of any use or subletting provision of a successor lease relating to the LIRR Premises. Amtrak shall furnish LIRR with copies of any written communications it makes to Gourmet or its sub tenants regarding Paragraphs THIRD and SIXTH of the GM Lease or any use or subletting provisions of a successor lease relating to the LIRR Premises. Except with the consent of Amtrak, LIRR shall neither take, nor secure the performance of, any action that disturbs Gourmet's use or occupancy of space outside the LIRR Premises. Without limitation on the scope of the foregoing, in the event LIRR commences eviction proceedings against Gourmet, those proceedings shall relate only to Gourmet space within the LIRR Premises, and LIRR specifically agrees that it will not seek to enforce any judgment, writ or other process issued in any such eviction proceeding, except with the consent of Amtrak, to the extent that such enforcement would disturb Gourmet's use or occupancy of space outside the LIRR Premises.

Section 1.07. B.F. Bar, Inc. In the case of B.F. Bar, Inc., the parties agree that for purposes of either a severance of B.F. Bar's lease dated October 24, 1975 (the "B.F. Bar Lease"), or an assignment or a successor agreement relating to the LIRR Premises under Section 1.02, they will share the rent payable under the B.F. Bar Lease in proportion to the square footage that B.F. Bar occupies within and without the LIRR Premises under the lease.

Section 1.08. Flowerama. Amtrak shall assign to LIRR the entire leasehold agreement dated February 5, 1975, between Penn Central Transportation Company and Flowerama, Inc., effective as of the Effective Date, unless it has previously terminated the Flowerama agreement. If Amtrak assigns the Flowerama agreement to LIRR, LIRR shall terminate such agreement, currently a month-to-month tenancy, as soon as possible after the Effective Date. Rent paid by Flowerama after the Effective Date shall be shared by the parties in proportion to the square footage that Flowerama occupies within and without the LIRR Premises.

Section 1.09. Covenants to Perform Obligations. LIRR hereby assumes and agrees to perform all of the covenants and obligations placed on the lessor under the provisions of the Concession Agreements assigned to it pursuant to Section 1.01 hereof, and of the successor concession agreements assigned to it pursuant to Section 1.02 hereof. Amtrak and LIRR each agree to perform the covenants and obligations of the lessor which each retains or accepts under those Concession Agreements as to which the Tenant has refused to enter into successor concession agreements. LIRR's obligations under this paragraph shall be effective with the Effective Date of the Lease.

Section 1.10. No Other Concession Agreements. Amtrak hereby covenants that the Concession Agreements listed in Parts I and II of Exhibit E are all of the Concession Agreements which grant rights in the LIRR Premises to which it is a party or a successor in interest to a party.

In the event there exist additional Concession Agreements that grant rights in the LIRR Premises which Amtrak is a party to, such Agreements shall be disposed of pursuant to the provisions of Section 1.01 or 1.02, whichever is applicable. In the event that as of the Effective Date hereof, there are persons or entities other than persons or entities claiming to be subtenants or assignees of a Tenant occupying space in the LIRR Premises without authorization from Amtrak (if such authorization is required), at the request of LIRR, Amtrak and LIRR shall act jointly to evict or remove such person or entity from occupancy. LIRR shall be entitled to an accounting, at Amtrak's expense, for all rental payments or other income accruing after the Effective Date allocable to such Concession Agreement or unauthorized occupancy. Any such amount received by Amtrak shall be deemed to be held in trust for the benefit of LIRR, and shall, upon request, be immediately paid over to LIRR. Any disagreement as to the allocation of such rental shall be disposed of in accordance with Section 8.01 of the Lease. Notwithstanding the provisions of Article IV of this Exhibit, Amtrak agrees to indemnify LIRR in an amount of one-half of any costs or expenses, including reasonable attorney's fees, incurred by LIRR in connection with the eviction or removal of any unauthorized occupant (other than persons or entities claiming to be subtenants or assignees of a Tenant).

ARTICLE II
INSTRUMENTS OF TRANSFER

Section 2.01. Estoppel Certificate, Tenant. On or before the Effective Date, Amtrak shall, without charge, require each of the Tenants under any Concession Agreements listed in Exhibit E to execute and deliver to LIRR a written estoppel certificate if such Concession Agreement provides for the execution and delivery of such certificate, and shall use its best efforts to cause such execution and delivery if the Concession Agreement does not so require. Such certificate shall

certify that the Concession Agreement is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications) and the dates to which the rent and any other amounts due under such Concession Agreement from Tenant have been paid in advance, if any, and stating whether or not to the best knowledge of Tenant, Amtrak (or other party) is in default in performance of any covenant, agreement, or condition contained in the Concession Agreement, and if so, identifying each such default of which the Tenant may have knowledge.

Section 2.02. Estoppel Certificate, Amtrak. On or before the Effective Date, Amtrak shall, without charge, execute, acknowledge, and deliver to LIRR a written estoppel certificate with respect to each of the following Concession Agreements listed in Exhibit E to the Lease: Lease No. 31-01-015 (Horn & Hardart Company); Lease No. 31-01-055 (The Bowery Savings Bank); Lease No. 31-01-004 (MSD Penn Station Shoe Repair); Lease No. 31-01-089 (B. F. Bar, Inc.); Lease No. 31-01-058 (Mid-City Associates); and Lease No. 31-01-066 (Two Operating Company). Each such certificate shall certify that the Concession Agreement is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications) and the dates to which the rent and other amounts, including security deposits, due under such Concession Agreement from Tenant have been paid in advance, if any, and stating whether or not to the best knowledge of Amtrak, Tenant is in default in performance of any covenant, agreement, or condition contained in such Concession Agreement, and, if so, identifying each such default of which Amtrak may have knowledge.

The failure of Amtrak to execute, acknowledge and deliver to LIRR a written estoppel certificate with respect to any Concession Agreement listed in this Section 2.02 shall constitute a covenant by Amtrak that the Concession Agreement

is unmodified and in full force and effect, that no rent or other amounts attributable to the period after the Effective Date have been paid before the Effective Date, that all security deposits have been paid and that Tenant is not in default in the performance of any covenant, agreement, or condition contained in such Concession Agreement.

Section 2.03. Documentation of Assignments and Agencies. (a) Upon the reasonable request of LIRR, Amtrak shall execute and deliver to LIRR such further documents and take such other action as may be necessary or appropriate to confirm the assignment, conveyance and delivery of the Concession Agreements listed in Part I of Exhibit E or of any successor agreements to the Agreements listed in Part II of Exhibit E which relate to the LIRR Premises and are retained by Amtrak under Section 1.02, or to vest in LIRR all of Amtrak's right, title and interest therein in accordance with the provisions hereof. Unless otherwise agreed, assignments of the agreements referred to in this subsection shall be in the following form: "The National Railroad Passenger Corporation hereby assigns and conveys its interest in the within (lease, license, agreement) between (itself, Pennsylvania Railroad, other) and (lessee, licensee, contractor) relating to certain space of A level of Penn Station, to the Long Island Rail Road, effective as of (Effective Date of Lease) for the remainder of the term of said (lease, license, agreement), which (lease, license, agreement) was entered into on (date)."

(b) As to any Concession Agreement (other than the Mid-City Lease) listed in Part II of Exhibit E as to which Amtrak does not obtain a successor agreement relating only to the LIRR Premises, upon the reasonable request of LIRR, Amtrak shall, within sixty (60) days of the Effective Date, issue a designation to LIRR in the following form:

> The National Railroad Passenger Corporation hereby designates the Long Island Rail Road its agent for purposes of exercising the interests of the lessor or licensor in the within (lease, license, agreement) between (itself, Pennsylvania Railroad, other) and (lessee, licensee, contractor) to the extent those interests relate to the LIRR Premises as defined in the Level A and Platform Lease dated _____, which designation shall be effective as of (Effective Date of Lease) for the remainder of the term of said (lease, license, agreement) entered into on (date).

If Amtrak does not obtain the successor agreements to the Mid-City Lease specified in section 1.05, it shall assign the entire lease to LIRR in the form of assignment contained in subsection (a) of this section.

(c) In the event that the Mid-City Lease is assigned to LIRR in its entirety and LIRR thereafter obtains the successor agreements specified in Section 1.05, LIRR shall, upon the reasonable request of Amtrak, assign Agreement A to Amtrak in substantially the form of assignment contained in subsection (a) of this section. If LIRR does not obtain the successor agreements specified in section 1.05, it shall, upon the reasonable request of Amtrak, issue a designation to Amtrak with respect to the space covered by Agreement A, in substantially the form of designation contained in subsection (b) of this section.

ARTICLE III
APPORTIONMENT OF RENTS

Section 3.01. Adjustments. Except as otherwise provided herein, in the event that the Effective Date does not fall on the first or last day of the accounting period used to determine any rental payments based on a percentage of gross receipts or pursuant to any other formula under any of the Concession Agreements listed in Part I of Exhibit E, LIRR shall pay to Amtrak in respect of each such Concession Agreement an amount equal to the entire rent paid to LIRR by the tenant under each such Concession Agreement in respect of the accounting period during which the assignment of the affected

Concession Agreement becomes effective hereunder, multiplied by a fraction, the numerator of which shall be the number of days in the relevant accounting period immediately preceding the Effective Date, and the denominator of which shall be the total number of days in the relevant accounting period. Any prepaid rents applicable to such accounting period shall be allocated in a similar manner as of the Effective Date and the applicable amounts shall be paid by Amtrak to LIRR at such date. The procedure provided for above for the allocation of rents made necessary by the occurrence of the Effective Date other than at the beginning or end of an accounting period shall also apply to the Concession Agreements listed in Part II of Exhibit E, provided, however, that the equitable allocation of rental formula determined under paragraph 1.02 shall be first applied to determine the correct amounts to be paid in adjustment.

Section 3.02. Amtrak hereby agrees to pay LIRR on the Effective Date all sums paid to Amtrak as security deposits and prepaid rent in the nature of security deposits or not otherwise contemplated by Section 3.01 above under the Concession Agreements listed in Part I of Exhibit E and assigned pursuant to this Agreement. In consideration of such payment, LIRR does hereby, for itself and its successors and assigns, assume and agree to hold said amounts for the benefit of the respective Tenants according to the terms of the respective Concession Agreements, thereby releasing Amtrak of any and all liability for the return of the security deposits and prepaid rent. In the case of Concession Agreements listed under Part II, security deposits and other prepaid amounts shall be allocated between the parties hereto on the basis of the allocation formula developed pursuant to Section 1.02.

Section 3.03. It is expressly agreed that nothing contained herein shall be deemed to create any liability on the part of LIRR for any rents due and payable under any Concession Agreement in respect of any period prior to the Effective Date, except as set forth in Section 3.01. Nothing shall preclude Amtrak from pursuing against any Tenant any remedy for damages relating to a cause of action arising prior to the Effective Date hereof out of a Concession Agreement which has been assigned to LIRR.

ARTICLE IV
INDEMNIFICATION

Except as hereinbelow provided, Amtrak shall indemnify LIRR against all liability accruing against the lessor under the Concession Agreements listed in Exhibit E arising prior to the Effective Date, and LIRR shall indemnify Amtrak against all liability accruing against the lessor under such Concession Agreements upon and after the Effective Date. If, after the Effective Date, (i) Amtrak takes any action on its own, or if LIRR takes such action at the request of Amtrak, in order to enforce any of Amtrak's rights as lessor under the Concession Agreements referred to in Sections 1.02 (which are not severed), Amtrak shali indemnify LIRR against all liability arising as a result of such action, or (ii) if LIRR takes any action on its own, or if Amtrak takes such action at the request of LIRR, in order to enforce any of the LIRR's rights as agent of lessor under such Concession Agreements, LIRR shall indemnify Amtrak against all liability arising as a result of such action; provided, however, that each party shall remain wholly liable for its own gross negligence or willful misconduct in acting on behalf of the other party.

* * *

SEVENTH AVENUE SUBWAY ACCESS WIDENING

This project is being undertaken to improve passenger access to the Seventh Avenue Subway from the LIRR Level A Concourse. The work consists of: Demolition of concession space; lighting and electrical work; painting; architectural treatment; and signage.

CENTRAL CORRIDOR

A new corridor located in the general area contained between column lines 16 through 18 and extending from the Interconnecting Corridor to the Hilton Passageway. Stairways and/or escalators will provide access to Platforms 7, 8, 9, 10, and 11. New elevators will be installed to provide access from Level A to Platforms 7 through 11 inclusive, for elderly and disabled passengers. The work consists of: Metal fabrication; fascia and architectural treatments; lighting and electrical work; signage; painting; and HVAC.

CONNECTING CONCOURSE

This project will provide for the widening of the concourse to improve passenger circulation from the LIRR Concourse area to the Seventh and Eighth Avenue subways. The work consists of: Demolition of concession space and superficial structural members; metal fabrication; fascia and architectural treatments; lighting and electrical work; painting; signage; and HVAC.

PLATFORM LEVEL VENTILATION

This project will vastly improve air circulation at platform level, removing excess heat generated by high performance rail cars and locomotives. The work consists

of: Metal fabrication; installation of ventilation ducts and machinery; electrical work; and demolition of unused conduit, piping and wiring.

MAIN CONCOURSE AREA

This project will provide for the widening of the Main Concourse Area leading to Platforms 7 through 11. The work consists of: Demolition of concession and office spaces; removal of unused structural members; architectural treatments; painting, signage, lighting and electrical work; and HVAC.

EAST END CONCOURSE AREA

This project will provide for additional LIRR Concourse Access to Platforms 9, 10, and 11, as well as improved passenger access to the Seventh Avenue Subway. The work consists of: Demolition of concession and office spaces; metal fabrication; fascia and architectural treatment; lighting and electrical work; painting; signage; and HVAC.

EXIT CONCOURSE AREA

This project will provide for new and refurbished escalators and stairs from Platform to Level A, refurbished toilets, new architectural finishes, changeable sign, air conditioning and public address systems. Structural modifications are included which will allow installation of AFC barriers without major passenger congestion.

1. Remove stairway and install escalator B level to Platform #8.
2. Refurbish escalator wells and construct pipe ballustrades with glass enclosures at concourse level and masonry and glass enclosures at platform level for escalators #7 and #8.
3. Construct handicap elevator in Taxi Court to B level, machine room on Platform #7.
4. Remove stairway to A level, mechanical equipment room and public lockers.
5. Remove escalators B to A level, located between Platforms #7 and #8.
6. Install new or refurbish stairways B to A level and A level to Platforms #7 and #8. Modify Amtrak ticket receiving office as impacted by corridors for stairways to Platforms #7 and #8, and modify medical and personnel facilities as impacted by stairway from B level to Platform #7.
7. Remove main concourse stairway to A level and construct two pair of vertical access facilities to A level. The north pair (vicinity Platform #7) consists of one stairway and one escalator.
8. Remove existing passenger elevator from A level to Platform #7.

* * *

PLAINTIFF'S EXHIBIT 82

PENNSYLVANIA STATION NEW YORK

JOINT FACILITY AGREEMENT

Between

NATIONAL RAILROAD PASSENGER CORPORATION
400 North Capital Street, N.W.
Washington, D.C. 20001

and

LONG ISLAND RAIL ROAD COMPANY
Jamaica Station
Jamaica, New York 11435

August 5, 1988

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EXHIBIT A	Zones 1 and 1a Existing Floor Plan—Schematic
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JOINT FACILITY AGREEMENT

THIS AMENDED AND RESTATED AGREEMENT (the "Agreement"), made as of this 5th day of August, 1988, by and between the National Railroad Passenger Corporation, a District of Columbia corporation whose principal place of business is situated at 400 North Capitol Street, N.W., Washington, D.C. 20001 ("Amtrak") and the Long Island Rail Road Company, a public benefit corporation of the State of New York whose principal place of business is situated at Jamaica Station, Jamaica, New York 11435 ("LIRR").

WITNESSETH:

WHEREAS, Amtrak is the owner and operator of a rail road passenger station located in the County, City, and State of New York and known as Pennsylvania Station ("Penn Station"), together with the railroad approaches thereto extending from Tenth Avenue in said County to a connection with the lines of LIRR in the County of Queens, City and State of New York, all such property being a part of that certain property conveyed by Consolidated Rail Corporation to Amtrak by deed effective as of April 1, 1976; and

WHEREAS, LIRR has heretofore utilized Penn Station pursuant to the terms of that certain Agreement dated January 20, 1966, as amended, by and between LIRR and Amtrak's predecessor in title and interest, the Pennsylvania Railroad Company (the "1966 Agreement"); and

WHEREAS, Amtrak, LIRR, and the Metropolitan Transportation Authority ("MTA") are this date entering into a certain Joint Venture Agreement (the "Joint Venture Agreement") for the purpose of jointly designing, constructing, and operating a modern system for the centralized control of train movements within Penn Station and certain railroad approaches thereto, which system will include the Joint Improvements

and the Solely Owned Improvements, as those terms are defined in the Joint Venture Agreement; and

WHEREAS, it is the intent of the parties hereto that the Joint Venture Agreement, during the term thereof, shall govern the rights and obligations of the parties hereto with respect to the Joint Improvements and the Solely Owned Improvements; and

WHEREAS, Amtrak and LIRR are this date entering into a certain lease entitled the Level A and Platform Lease (hereafter referred to as the "Level A Lease"), whereby Amtrak is leasing to LIRR a portion of Zone 1, as defined below, at Penn Station, as well as certain other premises situated outside Zone 1, all as described in the Level A Lease (the "LIRR Premises"); and

WHEREAS, it is the intent of the parties that, except as otherwise specifically provided herein or in the Level A Lease, the Level A Lease, during the term thereof, shall govern the rights and obligations of the parties hereto with respect to the LIRR Premises; and

WHEREAS, Amtrak and LIRR have entered into a lease agreement dated January 30, 1985, whereby Amtrak has leased to LIRR certain land and attendant trackage known as Yard B and more specifically described below (the "Yard B Lease"); and

WHEREAS, the Joint Venture Agreement, the Level A Lease, and the Yard B Lease will, during their respective terms, alter certain relations between the parties under the 1966 Agreement; and

WHEREAS, Amtrak and LIRR wish to amend and restate the 1966 Agreement and to render it consistent with the Joint Venture Agreement, the Level A Lease, and the Yard B Lease;

WHEREAS, pursuant to the New York Pennsylvania Station Cooperative Agreement entered into among the Federal Railroad Administration (FRA), MTA and Amtrak, effective

May 25, 1983, MTA and FRA financed and MTA constructed the West End Concourse, and title thereto vested in Amtrak; and the parties hereto now intend that the 1966 Agreement be amended to include the West End Concourse in Zone 1a;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises, covenants, and agreements of the parties herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Amtrak and LIRR hereby mutually agree as follows:

ARTICLE I

RIGHT OF USE

Amtrak hereby grants to LIRR and LIRR hereby accepts from Amtrak the following rights: (1) the right to use, in common with Amtrak and all those claiming by, under, or through Amtrak (the "Amtrak Derivative Users"), all of the Leased Property, as that term is hereinafter defined, to handle and carry LIRR's passenger, freight (in emergencies only, subject to the safety requirements of Amtrak and supervised by Amtrak, subject to the provisions of the Joint Venture Agreement), baggage, mail, and express traffic between the westerly terminus of the LIRR system in the vicinity of Harold Avenue in the County of Queens and the public ways and facilities adjoining Penn Station in the County of New York, and (2) the right to use, in common with Amtrak and the Amtrak Derivative Users, all additions, substitutions, and improvements to the Leased Property for such purposes.

The rights hereby granted and accepted are subject to the terms and conditions hereafter set forth in this Agreement.

ARTICLE II

DIVISION OF LEASED PROPERTY INTO ZONES

For purposes of this Agreement, the Leased Property, the use of which is granted to LIRR in Article I above, shall consist of zones as follows:

Zone 1: This zone shall consist of all of those facilities and appurtenances of Penn Station (a) which are located upon or consist of its first floor level above the tracks (hereinafter designated as the arrival concourse), which floor level is located approximately at elevation 308 ± P.R.R. datum (Manhattan Borough President datum—elevation zero equals elevation 300.17 P.R.R. datum) and extends up to a ceiling at approximate elevation 323 ± P.R.R. datum, and (b) which are embraced generally in the block between 7th and 8th Avenues, and 31st and 33rd Streets, all in the said County of New York. Said Zone 1 is shown on Exhibit A, attached hereto and made a part hereof. Zone 1, except for the part thereof which is designated Zone 1a hereunder, is considered to have been designed and constructed for the use of Amtrak.

Zone 1a: This zone shall consist of that portion of Zone 1 which is outlined in red on Exhibit A, attached hereto and made a part hereof. Said Zone 1a is considered to have been designed and constructed for the use of LIRR. Areas within Zone 1a that are occupied by the New York City Transit Authority are crosshatched on Exhibit A.

Zone 1b: This zone shall consist of that part of Zone 1 which is not included in Zone 1a. As stated above, it shall be considered to have been designed and constructed for the use of Amtrak.

Zone 2: This zone shall consist of all of that land and all of those facilities and appurtenances situated

at track level in Penn Station and located between the east house line of Tenth Avenue in New York County and the west portals of the East River Tunnels (which portals are situated between Sixth and Seventh Avenues in New York County), with the exception of the mail handling facilities, and the third rail and catenary systems. For reference purposes, this Zone 2 and subdivisions of same shall be as indicated on the plan marked Exhibit B, attached hereto and made a part hereof.

Zone 2a: The portion of Zone 2 which is tinted in orange and designated as Zone 2a (and which shall be considered as having been designed and constructed for the use of LIRR) comprises that portion of Zone 2 north of a line (a) beginning at the east property line of said Tenth Avenue, at a point 193 feet south of the south property line of said 33rd Street, (b) extending eastwardly, parallel to said 33rd Street, to a point where it intersects the center line between the two ladder tracks adjacent to Yard C, (c) extending thence along said center line to a point where it intersects a line 115 feet south of and parallel to the south property line of said 33rd Street and (d) extending thence along said line to an intersection with the west property line of said Seventh Avenue; together with all land, facilities and appurtenances (mail handling facilities, third rail and catenary systems again excluded) situated between the west property line of said Seventh Avenue and the west portals of the two East River Tunnels which are used for Nos. 3 and 4 tracks.

Zone 2b: The portion of Zone 2 which is tinted in yellow and designated as Zone 2b (and which shall be considered as having been designed and constructed for the joint use of LIRR and Amtrak) comprises that portion of Zone 2 between Ninth and Seventh Avenues abutting and south of Zone 2a and north of a line

(centerline between tracks 12 and 13) 206 feet south of and parallel to the south property line of said 33rd Street; together with all land, facilities and appurtenances (mail handling facilities, third rail and catenary systems again excluded) situated between the west property line of said Seventh Avenue and the west portals of the two East River Tunnels, which are used for Nos. 1 and 2 tracks, and lying north of a line described as follows: commencing at a point where the said portals intersect the center line between said Track Nos. 1 and 2, running thence westerly along said center line from the portals to a point intersected by a line parallel to a ladder track under said Seventh Avenue; thence along said last mentioned line to a point where it intersects said line (centerline between tracks 12 and 13) 206 feet south of and parallel with said 33rd Street; together with a 12-foot strip abutting the southerly line of Zone 2a, beginning at a point 200 feet east of the easterly property line of said Tenth Avenue and running to the easterly property line of said Ninth Avenue. It is understood that the parties are engaged in an engineering review of a proposed track connection to provide access from LIRR's J.D. Caemmerer West Side Yard to station tracks 13 and 14 and that the foregoing description is subject to minor revision following the outcome of such review.

Zone 2c: That portion of Zone 2 which is tinted in green and designated as Zone 2c (and which shall be considered as having been designed and constructed for the use of Amtrak) comprises the remainder of Zone 2.

Zone 3: This zone shall consist of all of that land and all of those facilities and appurtenances, except the third rail and catenary systems, comprising the two East River Tunnels, which are used for Nos. 3 and 4 tracks, from the west portals thereof between Sixth

and Seventh Avenues in the County of New York to the junction of said tracks with the tracks of LIRR in the vicinity of Harold Avenue in the County of Queens, but not including the facilities of Amtrak in Sunnyside Yard, all as shown on Exhibit C, attached hereto and made part hereof. This Zone 3 shall be considered as having been designed and constructed for the use of LIRR.

Zone 4: This zone shall consist of all of that land and all of those facilities and appurtenances, except the third rail and catenary systems, comprising the two East River Tunnels, which are used for Nos. 1 and 2 tracks, from the west portals thereof between Sixth and Seventh Avenues in the County of New York to the junction of said tracks with the tracks of LIRR in the vicinity of Harold Avenue in the County of Queens, but not including the facilities of Amtrak in Sunnyside Yard, all as shown on Exhibit C, attached hereto and made a part hereof. This Zone 4 shall be considered as having been designed and constructed for the use of Amtrak.

Third Rail Zone: This zone shall consist of all the third rail facilities, whether on or off the Leased Property, for the transmission, conversion, and distribution of electric power for D.C. traction throughout the entire Leased Property. This Zone shall be considered as having been designed and constructed for the use of LIRR.

Catenary Zone: This zone shall consist of all the catenary facilities for the transmission, conversion, and distribution of electric power for A.C. traction throughout the entire Leased Property. This Zone shall be considered as having been designed and constructed for the use of Amtrak.

ARTICLE III

USE OF ZONES

As stated in Article I of this agreement, the rights of use therein granted to LIRR are to be exercised in common with Amtrak and the Amtrak Derivative Users and the reference in any Zone designation set forth in Article II to an understanding that such Zone is considered to be designed and constructed for the use of but one of the parties hereto is intended to control primarily with respect to the allocation of costs, as hereinafter provided. Nevertheless, each of the parties agrees, for itself and those claiming by, under, or through it, that in the normal course of its operations it will confine its use and occupancy of the Leased Property to Zones thereof designated above as having been designed and constructed for it (or for it and the other party, jointly) and will use and occupy Zones of the other only for temporary operating convenience or necessity. The provisions of the preceding sentence shall not apply to the use and occupancy of Zones 3 and 4 or any other Zones physically located in Zones 3 and 4, as to which Zones the use and occupancy by LIRR and Amtrak and the Amtrak Derivative Users shall be in common; provided, however, that (1) LIRR shall have priority as to the use and occupancy of Zone 3 (and Zones physically located therein) in the event that its capacity is threatened and Amtrak and the Amtrak Derivative Users shall have priority as to the use and occupancy of Zone 4 (and Zones physically located therein) in the event that its capacity is threatened and (2) notwithstanding such rights of priority, this proviso shall not operate to deprive either LIRR of its use of Zone 4 or Amtrak and the Amtrak Derivative Users of their use of Zone 3 at use-levels actually prevailing as of the date of this Agreement. At the date of this Agreement these use-levels are as follows: LIRR's daily weekday average usage of Zone 4, counting both eastward and westward movements, is a total of 69 trains, generally operated during the morning and evening "rush" hours; and the daily weekday average usage of Zone 3 by

Amtrak and the Amtrak Derivative Users, counting both eastward and westward movements, is a total of 5 trains. Notwithstanding anything to the contrary set forth elsewhere in this Agreement, such use-level protecting LIRR shall operate to protect no person other than LIRR and the successor to or assignee of substantially the entire business of LIRR. The parties contemplate undertaking certain signal improvements in the East River tunnels and acknowledge that the nature of such improvements, the technical consents and approvals required therefor, and the methods of funding such improvements, are matters that will be addressed in a separate agreement between the parties. Nonetheless, the parties agree that LIRR shall have priority as to the use and occupancy of any additional capacity in both directions created in Zones 3 and 4 by virtue of signal improvements to be made therein by LIRR pursuant to the agreement referred to in the preceding sentence; provided, however, that Amtrak and LIRR shall share equally the use and occupancy of any additional capacity westward on No. 1 Track and eastward on No. 2 Track if Amtrak pays one-half of the incremental cost of reverse signal improvements on Nos. 1 and 2 Tracks. The utilization of individual slots shall be determined by Operating Representatives chosen by the parties. Nothing herein is intended to establish permanently a direction of traffic in Zones 3 or 4.

ARTICLE IV

ADDITIONS AND ALTERATIONS

(1) Subject to the provisions of subdivision (2) of this Article IV: (a) Changes in or additions to any land, facilities, or appurtenances constituting a part of the Leased Property that are desired by Amtrak shall be paid for by Amtrak. Changes in or additions to any land, facilities, or appurtenances constituting a part of the Leased Property that are desired by LIRR shall be paid for by LIRR.

(b) Amtrak and LIRR, or either of them, may make only such changes in or additions to the land, appurtenances, or facilities constituting Zones 1a, 2a, 2b, 3, 4, or the Third Rail Zone of the Leased Property as shall be mutually agreed upon by them in writing.

(c) Changes in or additions to any land, facilities, or appurtenances constituting a part of the Leased Property which are required by law, rule, or regulation, or by the lawful order of any governmental agency, shall be paid by the parties in the same ratio as they share or are separately responsible for the direct cost of maintenance and operating services performed by Amtrak in the Zone affected by such changes or additions, excepting changes and additions related to concession operations as to which payment shall be made by the party responsible for the concession as provided in Article VIII hereof.

(2) Notwithstanding the provisions of subdivision (1) of this Article IV: (a) during such time as the Level A Lease is in effect, all changes in or additions to the property, appurtenances, and facilities constituting the LIRR Premises, the payment of the costs thereof, and any consents necessary thereto, shall be governed by the Level A Lease to the extent that such change or addition is permitted or consented to by LIRR in the Level A Lease; (b) during such time as the Joint Venture Agreement (or a successor arrangement as provided therein) is in effect, all changes in or additions to the Joint Improvements or the Solely Owned Improvements, as those terms are defined in the Joint Venture Agreement, the payment of the costs thereof, and any necessary consents thereto, shall be governed by the Joint Venture Agreement (or by such successor arrangement); (c) no changes or additions will be made to land, appurtenances, or facilities covered by this Agreement without the consent of the affected parties to the Joint Venture Agreement if such change or addition would adversely affect easement rights granted under the Joint Venture Agreement; and (d) during such time as the Yard B Lease is in effect, all changes in or additions to the land,

appurtenances, and facilities within that portion of Zone 2a that is the subject of the Yard B Lease shall be governed by the Yard B Lease as and to the extent that the provisions of the Yard B Lease either conflict with or supplement the provisions of subdivision (1) of this Article IV.

ARTICLE V

RENT

Simultaneously with the execution of this Agreement, LIRR shall pay to Amtrak the sum of five million dollars ($5,000,000), as a full and complete fixed rental for the rights herein granted.

ARTICLE VI

COST SHARING

Subject to the liability provisions of Article X below, the direct cost of maintenance and operating services performed by Amtrak in respect of the Leased Property during the term of this Agreement shall be shared by the parties as provided in this Article VI, assuming in each case in which costs are shared or computed on the basis of usage that the usage of each party hereto includes the usage of entities claiming by or through it.

(1) Zones 1a, 2a, and 3—(a) Subject to the provisions of paragraph (b) of this subdivision, all such direct cost properly assignable to such Zones shall be charged to LIRR, except that cost assignable to any concession in Zone 1a shall be borne by the party responsible for such concession.

(b) Notwithstanding the provisions of paragraph (a) of this subdivision: (i) during such time as the Level A Lease is in effect, no costs that are properly assignable to the LIRR Premises shall be charged to LIRR except under the Level A Lease, with the exception of certain interim utility charges under subdivision (9) of this Article VI; (ii) all costs

attributable to the operation, maintenance, repair, or replacement of any Joint Improvement or Solely Owned Improvement shall be governed by the Joint Venture Agreement (or any successor arrangement) during such time as the Joint Venture Agreement (or such successor arrangement) is in effect; and (iii) during such time as the Yard B Lease is in effect, no costs that are properly assignable to that portion of Zone 2a that is the subject of the Yard B Lease shall be charged to LIRR, except as provided in the Yard B Lease or as agreed to by the parties.

(2) Zones 1b and 2c—(a) Subject to the provisions of paragraph (b) of this subdivision, all such direct cost properly assignable to such Zones shall be charged to Amtrak.

(b) Notwithstanding the provisions of paragraph (a) of this subdivision, any costs attributable to the operation, maintenance, repair, or replacement of any Joint Improvement or Solely Owned Improvement shall be governed by the Joint Venture Agreement (or any successor arrangement) during such time as the Joint Venture Agreement (or such successor arrangement) is in effect.

(3) Zone 2b—(a) All such direct cost properly assignable to such Zone 2b shall be shared by LIRR and Amtrak in the proportion that the number of cars and locomotives of each of them (or Amtrak's Derivative Users) entering or exiting the station tracks of this Zone bears to the total number of cars and locomotives entering or exiting the station tracks of this Zone. Each locomotive shall be counted as one car. Trains to be included in such surveys shall include revenue and non-revenue passenger trains, locomotives, freight trains, and work trains; provided, however, that neither work trains nor track car vehicles that are employed in maintenance within the Control Territory, as that term is defined in the Joint Venture Agreement, shall be counted in such surveys. The use ratios of 91.1 percent for LIRR and 8.9 percent for Amtrak and its Derivative Users shall be used for the apportionment provided by this paragraph (a) until one of the parties hereto

shall request a new count. Upon the request of either party hereto, two new counts will be taken of the use of Zone 2b, one reflecting summer traffic conditions and the other winter traffic conditions, the winter and summer data shall be averaged, and new use ratios derived for application to this paragraph (a) (such application to be effective with the calendar month immediately following the calendar month in which the latter of the two surveys is completed). Such surveys shall be made jointly, shall cover seven (7) consecutive days, none of which may be a holiday or be affected by a holiday, and shall comport with the past practice of the parties. Such surveys shall be conducted at mutually agreeable locations that will assure reasonable accuracy in counting movements, including drill movements. Thereafter, upon the request of either party, made at any time and from time to time, like surveys shall be made and the ratios derived therefrom shall be applied to this paragraph (a), effective in like fashion.

(b) Notwithstanding the provisions of paragraph (a), any costs attributable to the operation, maintenance, repair, or replacement of any Joint Improvement or Solely Owned Improvement shall be governed by the Joint Venture Agreement (or any successor arrangement) during such time as the Joint Venture Agreement (or such successor arrangement) is in effect.

(c) Notwithstanding the provisions of paragraph (a) of this subdivision: (i) Amtrak shall, at its sole cost, clean, maintain, and repair: all stairs and escalators between track level and B Level, which currently include 9F, 8F, 7F, and 7B; freight elevators 7B, 8B and passenger elevators 7P and 8P; all stairs and escalators between Level A and Level B which are not leased to LIRR in the Level A Lease; underplatform spaces and access means thereto; signal control apparatus located on or beneath platforms; structures housing interlocking and/or signal control equipment; piping, conduit and cooling facilities that are appurtenant to the operation of Amtrak equipment or that serve common utility systems; fixtures and

appurtenances to C tower; and Amtrak signal cases; and (ii) LIRR shall have the sole responsibility, at its cost: for cleaning all ceilings, walls, partitions, floors, windows and doors associated with platforms 7 and 8, and for determining the architectural treatment of the surfaces of platform 8, as well as the platform fascia, column surfaces, and ceilings associated with platform 8; for cleaning, maintaining and repairing all LIRR communications equipment, including public address, telephone and radio equipment and associated appurtenances, as well as LIRR train destination signs and other LIRR passenger-related signage regardless of location, and LIRR lighting fixtures.

(4) All such direct cost (including cost of material and supplies) properly assignable to A, C, JO, and KN interlockers shall be allocated among Zones 2a, 2b, 2c, 3, and 4 in the ratio that the Relative Unit Values, as assigned by A.A.R. Manual, Part 203 ("RUVs") in each such interlocker governing the movements on the tracks in each of the five Zones bears to the total of RUVs in that interlocker. It is agreed, for present purposes, that the following percentages, which reflect RUVs, shall be used in allocating each of the three cost categories (maintenance, operating, and materials/ supplies) of these interlockers:

Interlockers	*Zone 2a*	*Zone 2b*	*Zone 2c*	*Zone 3*	*Zone 4*
A	11.97	11.33	76.7	0	0
C	23.39	24.94	0	51.67	0
JO	0	27.78	33.86	0	38.36
KN	100	0	0	0	0

Upon the request of either party, made at any time and from time to time, new RUV counts shall be made and the resultant changes, if any, appearing in these percentages shall be applied to this subdivision (4) allocation effective with the calendar month immediately following the calendar month in which the new RUV count for any interlocker is completed.

(5) Zone 4—all such direct cost properly assignable to this Zone shall be shared by the parties in the proportion that the number of cars and locomotives of each of them (or Amtrak's Derivative Users) using such Zone bears to the total number of cars and locomotives using such Zone. Current use ratios, that is, 31.71% for LIRR and 68.29% for Amtrak, shall be used for apportionment under this paragraph (5) until one of the parties shall request a new count. Upon the request of either party, two new counts will be taken of the use of this Zone, one reflecting summer traffic conditions and the other winter traffic conditions, and the winter and summer data shall be averaged and new use ratios derived for application to this paragraph (5) (such application to be effective with the calendar month immediately following the calendar month in which the latter of the new counts is completed). For the purposes of any count made under this paragraph (5), there shall be subtracted from the number of cars and locomotives of LIRR using Zone 4 the number of cars and locomotives of Amtrak (or Amtrak Derivative Users) using Zone 3 during the same interval, and the net total shall be taken into account in computing the relative percentages of use of Zone 4.

(6) Third Rail and Catenary Zones—all such direct cost properly assignable to the Third Rail Zone (including applicable lease costs) shall be charged to LIRR until such time as Amtrak shall begin to make use of third rail power within the Leased Property, after which time such cost shall be allocated on the basis of actual use. The parties agree to conduct such tests, using metered trains, as may be necessary to determine actual usage of third rail power. All such direct cost properly assignable to the Catenary Zone shall be charged to Amtrak. Power for Third Rail and Catenary Zones shall be purchased and the costs thereof divided according to agreement between the parties or between the parties and the supplier of the power.

(7) All such direct cost (including cost of materials and supplies) properly assignable to F interlocker shall be allo-

cated among Zones 3, 4, Sunnyside Yard (Amtrak), and, if applicable, LIRR's tracks (to be apportioned, as to cost allocated to Zone 4, in the manner provided in subdivision (5) of this Article and to be paid in full by LIRR in the case of cost allocated to Zone 3 and its own tracks) in the ratio that the RUVs in that interlocker governing the movements on tracks in each of the said Zones and areas bear to the total of RUVs in that interlocker. It is agreed, for present purposes, that the following percentages, which reflect RUVs, shall be used in allocating each of the three cost categories (maintenance, operating, and materials/supplies) of this interlocker: Zone 3, 21.86 percent; Zone 4, 23.66 percent; Sunnyside Yard, 20.61 percent; LIRR's tracks, 33.87 percent. Upon the request of either party, made at any time and from time to time, new RUV counts for F interlocker shall be made and the resultant changes, if any, appearing in these percentages shall be applied to this subdivision (7) allocation effective with the calendar month immediately following the calendar month in which the new RUV count for that interlocker is completed.

(8) (a) Subject to the provisions of paragraph (b) of this subdivision, all such direct cost of operating services performed in respect of any part of the Leased Property by Amtrak train directors and dispatchers at Penn Station shall be apportioned monthly between the parties in the ratio that the total number of trains and light engines of each of them (and Amtrak's Derivative Users) dispatched that month from Zone 2 bears to the total number of trains and light engines of both of them (and Amtrak's Derivative Users) dispatched that month from that Zone.

(b) Notwithstanding the provisions of paragraph (a) of this subdivision, upon completion of the Joint Improvements, and thereafter during such time as the Joint Venture Agreement (or any successor arrangement) is in effect, any operating costs attributable to Amtrak employees controlling train movements shall be governed by the Joint Venture Agreement (or such successor arrangement).

(9) (a) Subject to the provisions of paragraph (b) of this subdivision, LIRR agrees to pay to Amtrak, in lieu of utility charges, an amount determined, in accordance with the past practice of the parties, by applying a Consumer Price Index multiplier to the April 1976 base period utility cost of $12,140. Utility charges shall be billed to LIRR on a monthly basis. The monthly amount shall be adjusted semi-annually, using the multiplier for the latest period available prior to such semi-annual adjustment. Upon the request of either party, made at any time and from time to time, the areas of activity for which this charge is assessed shall be reconsidered by the parties, both as to the scope of such activities and as to the equity of any one or more charges provided therein to be assessed against LIRR. Changes shall promptly be made in the amounts payable by LIRR under the provisions of this subdivision (9) to the extent necessary to eliminate inequities. Any such changed amount shall thereafter be subject to the semi-annual Consumer Price Index adjustments provided above. The parties hereby agree that, upon the execution of this Agreement, they shall promptly commission a joint engineering study of utility usage within the Leased Property and, upon completion of such study, shall implement any change in the amounts payable by LIRR under this subdivision (9) determined by such study to be necessary to eliminate inequities. The parties shall use their best efforts to complete such study and implement any new allocations of utility charges thereunder as promptly as possible. If such study is not completed within 180 days after the date of execution of this Agreement, the allocations determined by the study shall be applied retroactively, beginning with the date that is 180 days after the date of execution hereof. Until the new allocations are completed, LIRR shall continue to pay the amounts first mentioned in this subdivision (a).

(b) Notwithstanding the provisions of paragraph (a) of this subdivision: (i) during such time as the Level A Lease is in effect, utility charges in respect of the LIRR Premises shall be billed to, and paid by, LIRR pursuant to the provisions of the

Level A Lease; provided, however, that, from the date of execution of this Agreement until the date of implementation of the findings of the joint engineering study referred to in paragraph (a) of this subdivision, LIRR shall continue to pay the amounts determined under said paragraph (a); and (ii) all utility charges that are assignable to the operation and maintenance of the Joint Improvements and the Solely Owned Improvements shall be governed by the Joint Venture Agreement (or any successor arrangement) during such time as the Joint Venture Agreement (or such successor arrangement) is in effect.

(10) The percentages set forth in this Article in allocating interlocker costs have been derived in accordance with procedures outlined in A.A.R. Manual, Part 203, and in accordance with study and tabulation sheet and plans which are currently on file in the offices of the chief signal officers of LIRR and Amtrak.

(11) Payments made by LIRR pursuant to other subdivisions of this Article VI shall not include any expense incurred by Amtrak in shifting LIRR's cars and locomotives or moving LIRR's trains within the Leased Property, or for servicing, cleaning, inspecting, or repairing cars of LIRR, or for additional services requested by LIRR; and LIRR agrees to repay all such expenses to Amtrak when incurred by Amtrak for or on behalf of LIRR.

(12) Applicable overhead percentages and rental rates established by the General Managers Association of New York shall be updated by application of A.A.R. indices, or such other indices as are mutually agreeable to the parties hereto, and shall apply to all direct costs chargeable under this Article VI, excluding the fixed costs set forth in subdivision (9) to which percentages set forth in that subdivision are to be applied.

(13) The parties acknowledge that payments made hereunder to Amtrak by LIRR are currently exempt from the New

York City Public Utility Excise Tax. LIRR agrees, however, that it will reimburse Amtrak for any such Excise Tax that may be imposed in the future on payments made by LIRR under this Article VI.

(14) Except as otherwise expressly provided in this Article VI, Amtrak shall invoice LIRR monthly for the respective amounts payable pursuant to the provisions of this Article VI. If Amtrak fails to invoice LIRR for any amount payable under this Article VI within two years after the date on which such cost is incurred by Amtrak, Amtrak shall be deemed to have waived the right to invoice LIRR for such charge thereafter. Invoices shall be in sufficient detail to afford immediate audit and shall be due and payable promptly upon receipt by LIRR. If, in the absence of force majeure, LIRR shall fail to pay to Amtrak any such invoiced amount, or any portion thereof, within ninety (90) calendar days after receipt by LIRR of an invoice therefor, such unpaid amount shall bear interest at the lesser of the applicable usury rate, if any, or the then prevailing prime rate for preferred commercial borrowers at Chase Manhattan Bank, N.A., from the date such invoice was received to the date of payment thereof by LIRR. Adjustments found necessary by reason of audit or by reason of any of the provisions of this Agreement shall be made in subsequent months and without requirement for formal objection, all to the end that accounts may be kept current. If any dispute or question shall arise as to any invoice, either party shall have the right to examine the books and records of the other in order to verify the accuracy or completeness of such invoice. Any dispute or objection as to any amount payable pursuant to this Article VI shall be made by LIRR to Amtrak in writing within two (2) years after receipt by LIRR of the invoice relating to the disputed amount, or such dispute or objection shall be waived. Notwithstanding the foregoing, if, within such two year period, LIRR reasonably requests in writing that Amtrak provide additional information relating to such invoice, the two year period referred to above shall be extended, if necessary, so that LIRR shall have no less than

ninety days after receipt of such additional information, or after such information is made available for inspection and review by LIRR, in which to make its written objection. Any adjustment in favor of LIRR made after payment by LIRR shall bear interest at the rate described above in this subdivision (14) from the date of such payment by LIRR until the date of repayment by Amtrak.

ARTICLE VII

CONTINUATION OF SERVICES; REVENUES

(1) (a) Subject to the provisions of paragraph (b) of this subdivision, Amtrak covenants and agrees to continue to provide to LIRR in a prompt and workmanlike manner the maintenance and operating services referred to in Article VI above at the same general level of service as prevailed at the date of execution of this Agreement, subject to interruptions attributable to force majeure. Subject to written waiver by LIRR expressly permitting an earlier cessation, Amtrak may cease providing such services only upon not less than three (3) years advance notice to LIRR to that effect. So long as Amtrak shall be capable of providing such services and shall be bound to do so by the provisions of this Agreement, no part thereof may be taken over or assumed by LIRR without the written consent of Amtrak, which consent shall not be unreasonably withheld.

(b) Notwithstanding the provisions of paragraph (a) of this subdivision: (i) the maintenance of, and operating services to, the Joint Improvements or the Solely Owned Improvements shall be governed by the provisions of the Joint Venture Agreement (or any successor arrangement) during such time as the Joint Venture Agreement (or such successor arrangement) is in effect; (ii) during the term of the Level A Lease, the maintenance of, and operating services to, the LIRR Premises shall be governed by the provisions of the Level A Lease; and (iii) during the term of the Yard B Lease, the

maintenance of, and operating services to, that portion of Zone 2a that is the subject of the Yard B Lease shall be governed by the provisions of the Yard B Lease.

(2) (a) Subject to the provisions of paragraph (b) of this subdivision, net revenues derived by Amtrak from the grant by it to third parties of rights in respect of all or any part of Zones 1a, 2a, 2b, 3, or 4, whether such grants be by way of lease, license, franchise, concession, or other form, shall be divided between Amtrak and LIRR in the same ratios as the parties are required by the provisions of Article VI of this Agreement to bear the direct cost of maintenance and operating expenses of the particular Zone or Zones to which such net revenues are attributable; but this sentence shall not apply to Zone 1a concessions granted and controlled by Amtrak as hereinafter provided in Article VIII, nor shall it be construed to permit Amtrak, without LIRR's written consent, hereafter, (i) to grant rights to third parties in any of the said Zones 1a, 2a, 2b, 3, or 4 that are in any respect in derogation of the rights granted to LIRR by this Agreement, or (ii) to grant any rights in Zone 1a except concession rights as hereinafter provided in Article VIII. Notwithstanding the provisions of this paragraph (a), LIRR shall have no interest in the revenues derived by Amtrak from the grant by it of a right to use any part of the Leased Property for railroad operations, from easements for the office building or sports center now situated over the Property, or from any subsequent redevelopment of the area above any portion of the Property. Nothing in the preceding sentence, whether express or implied, shall be construed to diminish or to alter in any manner the rights of LIRR under this Article, Article IV, or under the Level A Lease.

(b) Notwithstanding the provisions of paragraph (a) of this subdivision: (i) during the term of the Joint Venture Agreement (or any successor arrangement), Amtrak may not grant any rights to third parties in Zones 2a, 2b, 3, or 4 that are in any respect in derogation of LIRR's rights under the

Joint Venture Agreement (or such successor arrangement) or the Level A Lease; (ii) during the term of the Level A Lease, except as provided in that Lease, no rights may be granted or revenues derived by Amtrak in respect of the LIRR Premises; and (iii) during the term of the Yard B Lease, any provision thereof that is inconsistent with any provision of paragraph (a) of this subdivision shall prevail over any such provision of paragraph (a).

ARTICLE VIII

CONCESSIONS

(1) Subject to the provisions of subdivision (2) of this Article, those Zone 1a concessions that are immediately related to the operations of LIRR, such as porter collections, parcel lockers, and toilet locks, and all Zone 2a concessions, shall be granted by and under the control of LIRR and it shall retain the revenues therefrom. All other Zone 1a concessions shall be granted by and under the control of Amtrak and it shall retain the revenues therefrom. All Zone 2b concessions shall be granted by and under the joint control of both LIRR and Amtrak and they shall share in the net revenues derived therefrom in the same proportion as applies to the net revenues referred to in Article VII (2). Suitability and location of all Zone 1a and Zone 2b concessions shall be determined by mutual agreement of the parties. Each party shall be responsible for the concessions separately granted by it.

(2) During the term of the Level A Lease, the provisions of subdivision (1) of this Article VIII shall not apply to the LIRR Premises.

ARTICLE IX

TRAIN MOVEMENTS

(1) Subject to the provisions of subdivision (2) of this Article IX, Amtrak shall control the movement through the

Leased Property of such trains as LIRR and anyone claiming by, through, or under LIRR shall desire to move under this Agreement, and as nearly in accordance with their wishes as can be done without unreasonably interfering with the movements of Amtrak and the Amtrak Derivative Users, and shall, if necessary, place such trains upon Amtrak's own schedules. In arranging schedules, Amtrak shall not discriminate against such trains, but shall give them equal rights with Amtrak's own trains.

The trains, engines, and employees of LIRR and others, while upon the Leased Property, shall be subject to the regulations and orders of the Superintendent or other proper officer of Amtrak. Timetable and Book of Rules of LIRR will apply and be the authority for movement of trains of LIRR, as long as they are compatible with those of Amtrak.

(2) Notwithstanding the provisions of subdivision (l) of this Article IX, upon completion of the Joint Improvements and during the term of the Joint Venture Agreement (or any successor arrangement), the control of train movements into, out of, and within the Leased Property shall be governed by the provisions of the Joint Venture Agreement (or such successor arrangement).

ARTICLE X

LIABILITY

(1) Subject to the provisions of subdivisions (2), (3), and (4) below:

(a) All rights with respect to the Leased Property herein granted to LIRR are granted with the understanding and upon the express condition that each of the parties hereto shall be severally and not jointly responsible for loss of or damage to any and all roperty and injury to or death of any and all persons caused by or arising from the sole fault or negligence of itself or its employees.

(b) When any loss, damage, injury, or death shall occur and shall be caused by or arise from the joint fault or negligence of the parties hereto or their employees, each party shall assume all responsibility for loss of or damage to its own property and of or to all other property in its charge or custody and for all injury to or death of its employees; and all other loss, damage, injury, or death so occurring, and any expense incurred by either in connection therewith, shall be borne equally by the parties hereto.

(c) When any loss, damage, injury, or death shall occur and shall be caused by or arise from the fault or negligence of either party hereto or its employees combined with the fault or negligence of any third party or parties or the employees thereof, the party hereto at fault or whose employees are at fault shall indemnify and save the other party hereto harmless against any claim or loss arising therefrom and against any expense incurred by the other party in connection therewith.

(d) Each of the parties hereto agrees that it will pay all claims for which it is made responsible by the foregoing provisions of this Article and that it will save harmless the other party in respect of every such claim and all consequent cost and expense.

(e) The provisions of this Article are not intended to, and shall not, confer benefits upon any person not a party to this Agreement.

(2) Notwithstanding the provisions of subdivision (1) above, but subject to the provisions of subdivisions (4) and (5) below, during the term of the Joint Venture Agreement (or any successor arrangement), the Joint Venture Agreement (or any successor arrangement) shall govern the allocation of liability for injury to or death of any and all persons ("personal injury") and loss of or damage to any and all property ("property damage") arising out of the design, construction, installation, operation, maintenance, repair,

or replacement of any of the Joint Improvements or the Solely Owned Improvements.

(3) Notwithstanding the provisions of subdivision (1) above, but subject to the provisions of subdivisions (4) and (5) below, following the commencement of operations of the Central Control System, as described in the Joint Venture Agreement, and during the remaining term of the Joint Venture Agreement (or any successor arrangement), the parties hereto shall share equally all liability for personal injury and for property damage occurring within Zones 2, 3, or 4 of the Leased Property.

(4) Notwithstanding the provisions of subdivisions (1), (2) and (3) above, during the term of the Level A Lease:

(a) Subject to paragraph (c) of this subdivision (4), all liability for personal injury and property damage occurring within the LIRR Premises (including all portions of platforms, and all escalators, elevators, and stairways within the LIRR Premises) shall be borne entirely by LIRR.

(b) Subject to paragraph (c) of this subdivision (4), all liability for personal injury and property damage occurring on Level B or in Zone 1, other than within the LIRR Premises, or on station platforms within Zone 2c (or on or in escalators, elevators, or stairways beginning or ending on such platforms), shall be borne entirely by Amtrak.

(c) The foregoing paragraphs (a) and (b), as well as subdivision (6) below, shall not make either Amtrak or LIRR liable for personal injury or property damages, or claims arising from such personal injury or property damage (including claims for punitive damages), where the personal injury or property damage results from the gross negligence or willful or wanton misconduct of the other (including its officers, agents, employees and subsidiaries).

(5) Notwithstanding the provisions of subdivisions (1), (2), (3) and (4) above, the Yard B Lease, during the term thereof,

shall govern the allocation of liability for personal injury and property damage arising out of any accident or occurrence, howsoever caused, in or as a result of the construction (including design) of improvements by LIRR pursuant to the Yard B Lease.

(6) Subject to paragraph (c) of subdivision (4) of this Article X, each party shall be responsible for, and shall defend, settle, and/or satisfy all claims arising from or pertaining to personal injury and property damage, the liability for which has been allocated to it by the provisions of subdivision (2), (3), (4), or (5) of this Article X, and shall indemnify and hold harmless the other party (including officers, agents, employees, and subsidiaries of the other party) against and from any and all loss, damage, and expense arising from or pertaining to such claims, irrespective of any negligence or fault of such other party (or of its officers, agents, employees, or subsidiaries). The provisions of this Article X are not intended to, and shall not, confer benefits upon any person not a party to this Agreement.

ARTICLE XI

EFFECTIVE DATE; TERM

This Amended and Restated Agreement shall be effective upon payment by LIRR of the full rent pursuant to Article V above. The date of that payment is referred to herein as the "Effective Date." The Agreement shall continue in full force and effect for a term of ninety-nine (99) years from the Effective Date of this Amended and Restated Agreement. In the event that LIRR ceases or plans to cease to operate within the County of New York, LIRR may terminate this Agreement on not less than five years' written notice to Amtrak.

The parties recognize that LIRR has the right under the Level A Lease to occupy certain space in Penn Station for a term of 198 years. In the event that this Agreement is in effect at the end of its term of 99 years, the parties agree to meet

prior to the end of such term to negotiate such extension and/or modifications as may be appropriate.

ARTICLE XII

WARRANTY OF QUIET ENJOYMENT

Upon the payment by LIRR to Amtrak of all amounts coming due hereunder and the performance and observance by LIRR of all covenants and promises on its part to be performed and observed hereunder, Amtrak warrants that during the term of this Agreement LIRR will peacefully and quietly enjoy the rights granted to it hereunder, free of let, hindrance or interference by anyone. There is excepted from this warranty any right granted hereunder as to which Amtrak's own enjoyment thereof is dependent upon a franchise to use streets or other public ways. Also excepted from this warranty are any rights granted hereunder with respect to the West End Concourse, and rights granted hereunder with respect to track 13 to the extent such rights are additional to the rights granted to LIRR in relation to track 13 under the 1966 Agreement. As to such rights excepted from the foregoing warranty, as long as LIRR performs and observes all of the covenants and promises on its part to be performed and observed hereunder, Amtrak warrants that during the term of this Agreement LIRR will peacefully and quietly enjoy such rights without molestation or hinderence by Amtrak or its successors or assigns.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the date first herein set forth.

ATTEST:
/s/ [ILLEGIBLE]
(CORPORATE SEAL)

NATIONAL RAILROAD
PASSENGER CORPORATION
By: /s/ [ILLEGIBLE]

ATTEST:
/s/ [ILLEGIBLE]
(CORPORATE SEAL)

THE LONG ISLAND
RAIL ROAD COMPANY
By: /s/ [ILLEGIBLE]

* * *

PLAINTIFF'S EXHIBIT 84

[LETTERHEAD OF WEIL, GOTSHAL & MANGES]

January 19, 1993

By Fax

Mark S. Landman, Esq.
Siff Rosen P.C.
Woolworth Building
233 Broadway
New York, New York 10279

David M. Kohane, Esq.
Kostelanetz Ritholz Tigue & Fink
80 Pine Street
New York, New York 10005

Re: Lebron v. National Railroad Passenger Corp. (Amtrak) and Transportation Displays, Inc., 92 Civ. 9411 (PNL) (S.D.N.Y.)

Dear Mark/David:

At the Gallagher, Delaney and Bourque depositions, we made various requests for the production of documents which you have yet to respond to. Specifically, we believe the following requests remain outstanding:

1. Production of all documents related to the process through which applications for free speech permits are handled. At the Gallagher deposition, it became apparent that additional documents may exist:

a. concerning the decision whether to approve or deny an application (including samples of the materials the applicant desires to distribute at Penn Station);

b. in files that may be located in Amtrak offices other than the Station Services office; and

c. relating to the forms and methods used to notify applicants of Amtrak's decision on their requests.

2. Production of all free speech applications and related documents back through 1985.

3. A copy of the March 1991 outdoor billboard license agreement.

4. Copies of the minutes of all Board of Directors or Board committee meetings at which Amtrak's advertising policy or any Amtrak/TDI contract was considered, back through and including 1985.

5. The second document noted in the margin of Plaintiff's Exh. 3, ¶ 31 on page 11. (The first document—31-01-047—is the 1980 Spectacular agreement, which Amtrak has already produced.) The identifying number *appears* to be 08-01-025, but the number may be more legible on the original document that Amtrak photocopied for production. We are requesting the second document, whatever the correct identifying number is, that was superseded by the 1985 agreement.

Please let us know when we may expect production of these materials, which should not, in any event, be later than the close of business on Wednesday, January 20.

Defendants have repeatedly offered to stipulate to certain facts, thereby obviating their need to produce witnesses and/or documents in response to plaintiff's requests. To that end we request that Amtrak and/or TDI provide us with the following information (where necessary) and stipulations to the following facts:

A. that certain of the retail space that Amtrak leases in Penn Station is leased to bookstores and newsstands, which sell assorted titles, including many books and magazines on political issues.

B. a physical description (dimensions of each side and height) and location of the kiosks located in Penn Station. (To be provided by the defendants).

C. the number and dimensions of the advertising spaces/posters located in that area of Penn Station where the Amtrak and NJ Transit ticket counters are located, including the dimensions of such boards and a description of where they are placed in that ticket area. (To be provided by the defendants).

D. that in the early 1970s, all but three existing railroads contracted with Amtrak to enable Amtrak, for a fee, to take over their services and relieve them of their responsibilities.

E. that the United States paid $2.113 billion in cash to Penn Central Corporation on January 15, 1981, pursuant to the terms of a settlement agreement entered into by the United States, the United States Railway Association, and Penn Central Corporation.

F. that Amtrak currently does more than half of its business in the Northeast Corridor.

G. that Amtrak is the largest carrier of any kind in the area that is comprised of the Northeast Corridor.

Please let us know, also by Wednesday at close of business, whether you are willing to stipulate to any or all of the above facts. If you have any questions concerning the above, or would like to propose alternative language, please contact me as soon as possible.

Finally, we need to exchange corrected versions of the deposition transcripts. Please let us know when you would like such an exchange to take place.

Sincerely,

/s/ ROBIN E. SILVERMAN
Robin E. Silverman

RES:ar

PLAINTIFF'S EXHIBIT 85

[LETTERHEAD OF AMTRAK]

January 21, 1993

BY FACSIMILE

Robin E. Silverman, Esq.
Weil, Gotshal & Manges
767 Fifth Avenue
New York NY 10133-0119

Re: *Lebron v. National Railroad Passenger Corp.*

Dear Robin:

This letter responds to the additional document requests that Gloria Phares and you made during the depositions of Messrs. Delaney and Bourque and in the letter you sent to Mark Landman on the afternoon of January 19. It also responds to the requests for stipulations that you listed in your letter.

The numbers and letters identifying the paragraphs correspond to the numbered and lettered paragraphs in your letter. The general objections set forth in my January 13 response to your second set of discovery requests are incorporated by reference. In addition, Amtrak's agreement to stipulate to certain matters as set forth below is without prejudice to Amtrak's right to contend that those matters are not relevant to the pending lawsuit.

Unless you advise me otherwise, in lieu of making the additional documents identified below available for your inspection and copying as required by Fed. R. Civ. Pro. 34(a), Amtrak will promptly copy them and deliver the copies to David Cole as per prior instructions from him. You will be invoiced for the copying costs at Amtrak's standard rate of 20 cents a page.

Document Requests

1. Amtrak objects to this request on the grounds that the request is based upon a mischaracterization of Mr. Gallagher's testimony, the request is burdensome, and the requested documents are irrelevant and unlikely to lead to the discovery of admissible evidence. Without waiving this objection, Amtrak has searched its files for documents dated within the three-year period specified in plaintiff's prior request on this matter and has not located any responsive documents not already produced.

2. Amtrak objects to this request on the grounds that it is burdensome and harassing and the requested documents are irrelevant and unlikely to lead to the discovery of admissible evidence. In response to plaintiff's prior request for "free speech" permits, which was limited to a three-year period (see the statements of Ms. Phares at p. 166 of the DeAngelo Deposition), Amtrak searched for and produced all responsive documents, and produced for deposition a witness who could testify concerning them. Amtrak should not be required to conduct a second search of its files because plaintiff has now, without reason or explanation, decided to broaden the time period specified in the previous request.

3. Amtrak objects to this request on the grounds that it is overly broad and seeks the production of an irrelevant document unlikely to lead to the discovery of admissible evidence. Without waiving this objection, Amtrak is producing the requested document.

4. Without waiving its previous objections to the production of Board and Board committee minutes relating to matters other than advertising policies (of which there are none), the Spectacular (Amtrak is producing two such minutes located since its prior production), or Amtrak's current contracts with TDI that govern the Spectacular, Amtrak has searched for and is producing all responsive documents that have not previously been produced.

5. Amtrak objects to this request on the grounds that it is overly broad and seeks the production of an irrelevant document unlikely to lead to the discovery of admissible evidence. Without waiving this objection, Amtrak is producing the contract identified by file number 08-01-025 (a July 16, 1981 contract between TDI and the Washington Terminal Company).

In addition, as Ms. Phares requested at the deposition of Mr. Bourque, I have checked the "original" of the April 27, 1988 letter from Winston Network, Inc., to Mr. Bourque (which is itself a copy) and have confirmed my representation that the signature line is cut off just as it is in the copy Amtrak produced to you.

Stipulations

A. Amtrak is prepared to enter into the proposed stipulation.

B. Amtrak is prepared to enter into a stipulation on this subject. However, Amtrak cannot consider such a stipulation until you identify the dimensions and locations that you propose to include in the stipulation.

C. Amtrak is prepared to enter into a stipulation on this subject. However, Amtrak cannot consider such a stipulation until you identify the numbers, dimensions, and description that you propose to include in the stipulation.

D. Amtrak is prepared to stipulate that in 1971, all but three of the U.S. railroads then providing intercity passenger service entered into contracts with Amtrak that called for Amtrak to take over their intercity passenger services and to relieve them of any responsibility to provide such services, in return for which the railroads made the payments specified in the Rail Passenger Service Act of 1970.

E. Amtrak is prepared to stipulate that a settlement agreement was entered into among the United States, the United

States Railway Administration, and the Penn Central Corporation in late 1980, and that, pursuant to the terms of that agreement, the United States or an agency thereof subsequently made a payment to Penn Central Corporation. Amtrak, which was not a party to that agreement, has no information concerning the date or amount of the payment or whether the payment was made directly by the United States, and therefore cannot stipulate to these matters.

F. Amtrak is prepared to stipulate that, during fiscal year 1992, approximately 47% of its ridership was derived from the Northeast Corridor. (See 1992 Amtrak Annual Report, p. 17.)

G. Amtrak does not understand the proposed stipulation.

Finally, Amtrak again requests that you respond to Amtrak's prior request for a stipulation concerning the ownership of Amtrak's common stock shares.

Sincerely,

/s/ RICHARD G. SLATTERY
Richard G. Slattery
Associate General Counsel

RGS/

cc (by facsimile): Gloria C. Phares, Esq.
David Cole, Esq.
David M. Kohane, Esq.
Mark S. Landman, Esq.

PLAINTIFF'S EXHIBIT 86

[LETTERHEAD OF SIFF ROSEN P.C.]

January 21, 1993

VIA FACSIMILE

Robin E. Silverman, Esq.
Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10133-0119

Re: Lebron v. National Railroad Passenger Corp., et al.
No. 92 Civ. 9411 (PNL)

Dear Robin:

This is to confirm that Amtrak and plaintiff agree to the following stipulation regarding ownership of Amtrak stock:

> Amtrak's preferred stock shares are owned by the United States. Amtrak's common stock shares are held by the Grand Truck Western Railroad Company, Burlington Northern Inc., The Penn Central Corporation, and Soo Line Railroad Company and Amtrak's common stock is not publicly traded.

Sincerely,

/s/ LORI B. WOLMETZ
Lori B. Wolmetz
(pending admission)

LBW:dp
31737

PLAINTIFF'S EXHIBIT 88

NATIONAL RAILROAD PASSENGER CORPORATION

1987 ANNUAL REPORT

FIVE-YEAR COMPARISON OF AMTRAK'S PERFORMANCE

Highlights

	1983	1984	1985	1986	**1987**
Revenues (millions)	$ 664.4	$ 758.8	$ 825.8	$ 861.4	**$ 973.5**
Expenses (millions)	$1,469.4	$1,522.1	$1,600.1	$1,563.6	**$1,672.0**
Revenue-to-Expense Ratio	.54	.56	.58	.62	**.65**
Revenue-to-Short-Term-Avoidable Cost Ratio*	.80	.85	.86	.96	**1.03**
Revenue-to-Long-Term-Avoidable Cost Ratio**	.68	.70	.71	.78	**.79**
Passenger Miles (millions)	4,246	4,552	4,825	5,013	**5,221**
Passenger Miles Per Train-Mile	145.8	157.1	159.0	172.2	**176.8**
Ridership (millions)					
System	19.0	19.9	20.8	20.3	**20.4**
Contract Commuter	.231***	.518	.587	.656	**10.2****
Systemwide On-Time Performance	82%	80%	81%	74%	**74%**

* Short-term avoidable costs—Costs of activities that would stop with the discontinuance of a route or train, or begin with the introduction of a new route or train. Such costs include train and engine crews, fuel and power, and maintenance of way.

** Long-term avoidable costs—All short-term avoidable costs, plus claims expenses, heavy maintenance and a portion of corporate and field overhead. Also included is a consideration of the effects route additions and deletions have on corporate costs over a period longer than one year.

*** Effective Jan. 1, 1983, Amtrak began providing commuter service under contract to the State of Maryland.

**** Effective Jan. 1, 1987, Amtrak began providing commuter service under contract to the Massachusetts Bay Transportation Authority.

* * *

Some Highlights of Amtrak's Year

* * *

Work continued in FY87 on the renewal of the 65-mile Atlantic City-Philadelphia line where Amtrak expects to be operating trains with push-pull equipment by 1989. Amtrak crews are replacing rail and ties, repairing or rebuilding bridges and grade crossings, and installing new traffic control systems. Of the $75 million renovation cost, $30 million will come from the Northeast Corridor Improvement Project (NECIP), and the remainder from the State of New Jersey and local government.

Another project with long-term implications for Amtrak is the West Side Connection—the rerouting of trains now using Grand Central Terminal in New York to take them down the west side of the city to Pennsylvania Station. This is an $85 million project, with Amtrak funding 60 percent of the cost. The remaining 40 percent will be funded by New York state. When completed in 1990, it will save Amtrak the cost of using Grand Central Terminal, and, most important, will enable us to open up new direct service between upper New York state and points along the Northeast Corridor.

* * *

Real estate revenues were about at last year's level—$24.1 million as compared with $25.5 million—but they are expected to increase substantially in FY88. Our Real Estate Department forecasts revenues will grow to a $50 million-a-year level in the next decade, primarily from some exciting development projects.

* * *

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

STATEMENT OF CHANGES IN CAPITALIZATION FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

(THOUSANDS OF DOLLARS)

	Balance Sept. 30, 1985	Year Ended Sept. 30, 1986	Balance Sept. 30, 1986	**Year Ended Sept. 30, 1987**	**Balance Sept. 30, 1987**
Preferred stock issued to the Federal Government, $100 par value; 56,300,000 shares authorized and 48,864,029 shares outstanding in 1987; 50,000,000 shares authorized and 43,024,029 shares outstanding in 1986	$3,627,945	$674,458	$4,302,403	**$ 584,000**	**$4,886,403**
Common stock, $10 par value; 10,000,000 shares authorized, 9,385,694 shares outstanding	93,857	—	93,857	**—**	**93,857**
Other paid-in capital:					
Railroad capital payments	108,997	—	108,997	**—**	**108,997**
Federal and state capital payments	147,653	6,406	154,059	**6,909**	**160,968**
	256,650	6,406	263,056	**6,909**	**269,965**
Accumulated deficit before federal operating payments	(7,824,464)	(702,180)	(8,526,644)	**(698,515)**	**(9,225,159)**

	Balance Sept. 30 1985	Year Ended Sept. 30 1986	Balance Sept. 30 1986	**Year Ended Sept. 30 1987**	**Balance Sept. 30 1987**
Federal operating payments	4,046,592	—	4,046,592	**— 4,046,592**	
Accumulated deficit	(3,777,872)	(702,180)	(4,480,052)	**(698,515)**	**(5,178,567)**
Total capitalization	$ 200,580	$ (21,316)	$ 179,264	**$(107,606)**	**$ 71,658**

The accompanying notes are an integral part of this statement.

* * *

Form **1120** — Department of the Treasury, Internal Revenue Service

For calendar year 1989 or tax year beginning _____, 1989, ending _____, 19____

▶ Instructions are separate. See page 1 for Paperwork Reduction Act Notice.

1989

Check if a—
- A Consolidated return [X]
- B Personal holding co [ ]
- C Personal service corp (as defined in Temp Regs sec 1.441-4T—see instructions) [ ]

Use IRS label. Otherwise, please print or type.

HT 52-0910053 8912 S28 4000 M I
NATIONAL RAILROAD PASSENGER CORP R
8301 RRB NO S
400 N CAPITOL ST NW 8301 RRB NO 88
WASHINGTON DC 20001

D Employer identification number: 52-0910053

E Date incorporated: March 30, 1971

F Total assets (see Specific Instructions): $ 4,013,951,018

G Check applicable boxes: (1) [ ] Initial return (2) [ ] Final return (3) [ ] Change in address

Income	1a	Gross receipts or sales ____ b Less returns and allowances ____ c Bal ▶	1c	952,450,553
	2	Cost of goods sold and/or operations (Schedule A, line 7)	2	485,681,098
	3	Gross profit (line 1c less line 2)	3	466,769,455
	4	Dividends (Schedule C, line 19)	4	
	5	Interest	5	102,206,131
	6	Gross rents	6	43,487,542
	7	Gross royalties	7	
	8	Capital gain net income (attach Schedule D (Form 1120))	8	
	9	Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)	9	408,876
	10	Other income (see instructions—attach schedule)	10	258,736,229
	11	**Total** income—Add lines 3 through 10 ▶	11	871,608,233
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (Schedule E, line 4)	12	2,721,138
	13a	Salaries and wages ____ b Less jobs credit ____ c Balance ▶	13c	729,957,462
	14	Repairs	14	10,912,009
	15	Bad debts	15	1,956,438
	16	Rents	16	91,762,891
	17	Taxes	17	207,497,504
	18	Interest	18	3,541,795
	19	Contributions (see Instructions for 10% limitation)	19	
	20	Depreciation (attach Form 4562) 20: 147,791,630	21b	147,791,630
	21	Less depreciation claimed on Schedule A and elsewhere on return 21a:	22	
	22	Depletion	23	47,117,705
	23	Advertising	24	5,068,175
	24	Pension, profit-sharing, etc., plans	25	114,892,222
	25	Employee benefit programs	26	165,631,435
	26	Other deductions (attach schedule)	27	1,528,850,404
	27	**Total** deductions—Add lines 12 through 26 ▶	28	(657,242,171)
	28	Taxable income before net operating loss deduction and special deductions (line 11 less line 27)		
	29	**Less:** a Net operating loss deduction (see instructions) 29a: (5,728,793,963)	29c	(5,728,793,963)
		b Special deductions (Schedule C, line 20) 29b:		
Tax and Payments	30	Taxable income—Line 28 less line 29c	30	(6,386,036,134)
	31	**Total tax** (Schedule J, line 10)	31	None
	32	**Payments:** a 1988 overpayment credited to 1989 32a:		
		b 1989 estimated tax payments 32b:		
		c Less 1989 refund applied for on Form 4466 32c: ( ) d Bal ▶ 32d:		
		e Tax deposited with Form 7004 32e:		
		f Credit from regulated investment companies (attach Form 2439) 32f:		
		g Credit for Federal tax on fuels (attach Form 4136) 32g:	32h	
	33	Enter any **penalty** for underpayment of estimated tax—Check ▶ [ ] if Form 2220 is attached	33	
	34	**Tax due**—If the total of lines 31 and 33 is larger than line 32h, enter amount owed	34	None
	35	**Overpayment**—If line 32h is larger than the total of lines 31 and 33, enter amount overpaid	35	
	36	Enter amount of line 35 you want: **Credited to 1990 estimated tax** ▶ **Refunded** ▶	36	

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer ▶ _____ Date: 9/10/90 Title ▶ Treasurer

Paid Preparer's Use Only

Preparer's signature ▶ _____ Date _____ Check if self-employed [ ] Preparer's social security number _____

Firm's name (or yours if self-employed) and address ▶ _____ E.I. No ▶ _____ ZIP code ▶ _____

Routing No. 6113

PLAINTIFF'S EXHIBIT 90

PLAINTIFF'S EXHIBIT 90

J.A. 598

Schedule A Cost of Goods Sold and/or Operations (See instructions for line 2, page 1.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor . . . See Attached Schedule	3	
4a	Additional section 263A costs (see instructions—attach schedule)	4a	
b	Other costs (attach schedule)	4b	
5	Total—Add lines 1 through 4b	5	
6	Inventory at end of year	6	
7	Cost of goods sold and/or operations—Line 5 less line 6. Enter here and on line 2, page 1	7	

8a Check all methods used for valuing closing inventory:

(i) ☐ Cost (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4 (see instructions)

(iii) ☐ Writedown of "subnormal" goods as described in Regulations section 1.471-2(c) (see instructions)

(iv) ☐ Other (Specify method used and attach explanation.) ▶

b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) . . . ☐

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO . . . 8c

d Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the corporation? ☐ Yes ☐ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

Schedule C Dividends and Special Deductions (See instructions.)

	(a) Dividends received	(b) %	(c) Special deductions (a) × (b)
1 Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations (section 246A)		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		41.176	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		47.059	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction		80	
8 Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))		100	
9 Total—Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1))		100	
12 Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3))		100	
13 Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11			
14 Income from controlled foreign corporations under subpart F (attach Forms 5471)			
15 Foreign dividend gross-up (section 78)			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities (see instructions)			
19 Total dividends—Add lines 1 through 17. Enter here and on line 4, page 1. ▶			
20 Total deductions—Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1 . . . ▶			

Schedule E Compensation of Officers (See instructions for line 12, page 1.)

Complete Schedule E only if total receipts (line 1a, plus lines 4 through 10, of page 1, Form 1120) are $500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned (d) Common	(e) Preferred	(f) Amount of compensation
1 See Attached Schedule		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	

2 Total compensation of officers

3 Less: Compensation of officers claimed on Schedule A and elsewhere on return ( )

4 Compensation of officers deducted on line 12, page 1

Schedule J **Tax Computation**

1	Check if you are a member of a controlled group (see sections 1561 and 1563) ▶ ☐		
2	If the box on line 1 is checked:		
a	Enter your share of the $50,000 and $25,000 taxable income bracket amounts (in that order): (i) $ (ii) $		
b	Enter your share of the additional 5% tax (not to exceed $11,750) ▶ $		
3	Income tax (see instructions to figure the tax). Check this box if the corporation is a qualified personal service corporation (see instructions). ▶ ☐		3
4a	Foreign tax credit (attach Form 1118)	4a	
b	Possessions tax credit (attach Form 5735)	4b	
c	Orphan drug credit (attach Form 6765)	4c	
d	Credit for fuel produced from a nonconventional source (see instructions)	4d	
e	General business credit. Enter here and check which forms are attached: ☐ Form 3800 ☐ Form 3468 ☐ Form 5884 ☐ Form 6478 ☐ Form 6765 ☐ Form 8586	4e	
f	Credit for prior year minimum tax (attach Form 8801)	4f	
5	Total—Add lines 4a through 4f		5
6	Line 3 less line 5		6
7	Personal holding company tax (attach Schedule PH (Form 1120))		7
8	Recapture taxes. Check if from: ☐ Form 4255 ☐ Form 8611		8
9a	Alternative minimum tax (attach Form 4626)		9a
b	Environmental tax (attach Form 4626)		9b
10	Total tax—Add lines 6 through 9b. Enter here and on line 31, page 1		10 None

Additional Information (See instruction F.)

		Yes	No
H	Refer to the list in the instructions and state the principal:		
	(1) Business activity code no. ▶ 4000		
	(2) Business activity ▶ Transportation		
	(3) Product or service ▶ Rail Passenger Service		
I	(1) Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and identifying number, (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		X
	(2) Did any individual, partnership, corporation, estate, or trust at the end of the tax year own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete (a) through (c)		X
	(a) Attach a schedule showing name, address, and identifying number.		
	(b) Enter percentage owned ▶		
	(c) Was the owner of such voting stock a person other than a U.S. person? (See instructions.) **Note:** *If "Yes," the corporation may have to file Form 5472.*		
	If "Yes," enter owner's country ▶		
J	Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 5471 for each such corporation		X
K	At any time during the tax year, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instruction F and filing requirements for form TD F 90-22.1.) If "Yes," enter name of foreign country ▶ Canada	X	
L	Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A, or 926.		X
M	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452. If this is a consolidated return, answer here for parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.		X
N	During this tax year, did the corporation maintain any part of its accounting/tax records on a computerized system?	X	
O	Check method of accounting: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶		
P	Check this box if the corporation issued publicly offered debt instruments with original issue discount ☐ If so, the corporation may have to file Form 8281.		
Q	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $		
R	Enter the number of shareholders at the end of the tax year if there were 35 or fewer shareholders ▶		

Schedule L Balance Sheets

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash				
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule)				
7 Loans to stockholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets				
b Less accumulated depreciation	See attached	schedule		
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule)				
15 Total assets				
Liabilities and Stockholders' Equity				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach schedule)				
19 Loans from stockholders				
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule)				
22 Capital stock: a Preferred stock				
b Common stock				
23 Paid-in or capital surplus				
24 Retained earnings—Appropriated (attach schedule)				
25 Retained earnings—Unappropriated				
26 Less cost of treasury stock		( )		( )
27 Total liabilities and stockholders' equity				

Schedule M-1 **Reconciliation of Income per Books With Income per Return** (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than $25,000.)

1 Net income per books		7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax		a Tax-exempt interest $	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize): See Attached Schedule			
5 Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation $		a Depreciation $	
b Contributions carryover $		b Contributions carryover $	
c Travel and entertainment $			
6 Total of lines 1 through 5		9 Total of lines 7 and 8	
		10 Income (line 28, page 1)—line 6 less line 9	

Schedule M-2 **Analysis of Unappropriated Retained Earnings per Books (line 25, Schedule L)** (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than $25,000.)

1 Balance at beginning of year	(5,995,654,290)	5 Distributions: a Cash	
2 Net income per books	(680,641,395)	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
4 Total of lines 1, 2, and 3	(6,676,295,685)	7 Total of lines 5 and 6	
		8 Balance at end of year (line 4 less line 7)	(6,676,295,685)

J.A. 602

PLAINTIFF'S EXHIBIT 95

NATIONAL RAILROAD PASSENGER CORPORATION

1989 ANNUAL REPORT

FIVE-YEAR COMPARISON OF AMTRAK'S PERFORMANCE

	1989	1988	1987	1986	1985
Revenues (millions)	**$1,269.1**	$1,106.7	$ 973.5	$ 861.4	$ 825.8
Expenses (millions)	**$1,934.5**	$1,757.1	$1,672.0	$1,563.6	$1,600.1
Revenue-to-Expense Ratio	**.72**	.69	.65	.62	.58
Revenue-to-Short-Term-Avoidable Cost Ratio*	**1.20**	1.15	1.03	.96	.86
Revenue-to-Short-Term-Avoidable Cost Ratio**	**.91**	.90	.79	.78	.71
Passenger Miles (millions)***	**5,859**	5,678	5,221	5,013	4,825
Passenger Miles Per Train-Mile***	**188.4**	188.3	176.8	172.2	159.0
Ridership (millions)					
System	**21.4**	21.5	20.4	20.3	20.8
Contract Commuter	**17.4**	15.4	10.2****	.656	.587
Systemwide On-Time Performance	**75%**	71%	74%	74%	81%

* Short-term avoidable costs—Costs of activities that would stop with the discontinuance of a route or train, or begin with the introduction of a new route or train. Such costs include train and engine crews, fuel and power, and maintenance of way.

** Long-term avoidable costs—All short-term avoidable costs, plus claims expenses, heavy maintenance and a portion of corporate and field overhead.

*** Contract commuter passengers not included.

**** Effective Jan. 1, 1987, Amtrak began providing commuter service under contract to the Massachusetts Bay Transportation Authority.

* * *

PRESIDENT'S LETTER

* * *

Our equipment shortage, particularly sleeping cars and locomotives, is an issue that must be addressed if we are to continue to improve financially. Amtrak is seeking both private and public funds with which to finance the equipment we need to meet the existing and future demand for Amtrak service during the next decade and century beyond. Our private financing this past year of 104 new short-distance coaches—Amtrak's first major acquisition of cars without federal assistance—reflects positively on the confidence of the private sector in Amtrak and the future of rail passenger service in this country.

* * *

Third, we want to expand Amtrak's successful contract operation of state or regionally supported commuter rail systems. Amtrak already operates under contract several commuter rail systems, including Boston's large MBTA commuter service, and we believe that this business will grow significantly as communities seek to reduce the highway commuter congestion that is clogging travel to our major cities. Amtrak is the nation's expert in this area, with the efficiencies of a national organization and nearly 20 years of experience behind it. We are eager to obtain contracts to operate every new commuter rail system that comes on line, as well as compete to operate existing systems.

* * *

/s/ W GRAHAM CLAYTOR, JR.
W. Graham Claytor, Jr.
President
December 1989

* * *

REVENUE FROM A VARIETY OF SOURCES

Revenue generated from other aspects of Amtrak's business, including real estate development, mail and express, and other revenue enhancement projects, continued to grow and contribute to the Corporation's bottom line.

Amtrak's operation of the Boston-area MBTA commuter system has proved extremely successful, generating a modest return for the Corporation as well as further establishing Amtrak's credentials as a commuter railroad operator. On-time performance for the MBTA trains during 1989 was a high 94 percent, entitling Amtrak to earn additional incentive payments. Amtrak also operates a major part of the Baltimore-to-Washington commuter system for the state of Maryland and has contracted to operate a commuter service between Northern Virginia and Washington, D.C., which will begin as soon as equipment can be obtained.

Revenues from mail and express reached $37 million, up 6 percent over last year. This should grow considerably in FY 1990 as recently acquired mail handling cars are phased into the system. Importantly, revenues generated by mail and express can help offset the operating losses associated with the start-up of new passenger routes and can be a key factor in the decision to initiate a new service.

Real estate revenues from development of the Corporation's properties continue to grow and after many years of planning, several important developments are progressing. Revenues for FY 1989 reached $43 million, a 40 percent improvement over last year, principally due to the sale of a maintenance facility in New Haven. In Philadelphia, development of office and retail space within Amtrak's 30th Street Station, as well as improvements to the passenger facilities, are proceeding. Plans are underway for development of up to 30 million square feet of residential, office and commercial development of the adjacent 60 acres. Construction should start within a few years and could continue for 20 years or more. Work also continues at Chicago Union Station, where major improvements are being made to all passenger facilities. Plans are moving ahead for renovation of the headhouse building by a private real estate development firm at a cost of $270 million to be obtained through private funding. Upon completion, Amtrak will receive the benefits of a modern station facility and annual rental revenues in excess of $4 million.

Work at Amtrak's New York Pennsylvania Station is nearing completion after several years of construction to improve the station's passenger and commercial facilities. Ticket counters and waiting areas have been modernized and significantly expanded, providing a vastly more organized and hospitable passenger flow for the 121,000 intercity and commuter riders who daily catch Amtrak and New Jersey Transit trains at the station. In addition, some 35,000 square feet in new retail space soon will be provided.

Corporate development activities also generated significantly improved revenues—$18.3 million versus $16.3 million last year—and contributed more than $6.5 million to Amtrak's capital program. Activities include the leasing of Amtrak's railroad right-of-way to run fiber optic communication lines, provision of track services to other railroads, a cogeneration facility in New Haven, and assembly of new light rail cars for the Southeastern Pennsylvania Transportation Authority (SEPTA).

* * *

NEW SERVICE TO NEW MARKETS

* * *

State and local interest in providing an alternative to congested highways and airports has sparked enormous interest in new Amtrak service in various areas of the country, and Amtrak is working closely with federal, state and local officials to explore the funding of new routes. New service, financially supported by states under the "403(b)" program, was started in October 1989 between Chicago and Milwaukee,

and between Birmingham and Mobile; a third *San Joaquin* train between Bakersfield and Oakland was added in December 1989. Discussions continue on adding service between Raleigh and Charlotte, and an additional San Diego-to-Santa Barbara train. Amtrak has been requested to study the equipment needs and feasibility of other new services—including service through Oklahoma, between Seattle and Vancouver, and between Chicago and Florida—as well as to consider operating its remaining tri-weekly services on a daily basis.

* * *

POISED FOR THE FUTURE

* * *

With adequate capital to acquire new Superliner and Viewliner cars and new locomotives, Amtrak can add trains to existing routes and initiate new routes where economically justified, and work together with state and local governments to jointly provide an energy efficient, environmentally benign alternative to congested highways and airports.

An important example of this effort is the close cooperation between Amtrak and the Coalition of Northeastern Governors (CONEG) to identify the capital improvements necessary to reduce running time between New York and Boston from the current four hours and 30 minutes to under three hours. Faster service would enable Amtrak to capture a larger share of the New York-Boston business market, producing substantial incremental revenues for the Corporation as well as significantly reducing congestion at Boston's Logan airport, New York's airports, and along the crowded interstate highway system linking southern New England. Amtrak, CONEG and federal officials are now exploring options for funding these important improvements.

Considerable efforts also are underway in California to identify ways in which intercity and commuter rail service

can reduce congestion and automobile pollution. A joint rail replacement program funded by Amtrak; the state of California; the Santa Fe Railway; and Los Angeles, Orange and San Diego counties, is underway to enhance service along the crowded San Diego-Los Angeles corridor. Amtrak already provides eight daily round trips along the corridor and the State is interested in at least two additional trips. San Diego County and Orange County also are exploring commuter service along the route. A similar expansion of service is being studied on the *San Joaquin* route between Bakersfield and Oakland. Significant state supported rail infrastructure improvement projects also are underway in Michigan, Wisconsin, Illinois and New York.

* * *

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITALIZATION

FOR THE YEARS ENDED SEPTEMBER 30, 1989 AND 1988
(THOUSANDS OF DOLLARS)

	Preferred stock	Common stock	Other paid-in capital	Accumulated deficit	Totals
Balance at September 30, 1987	$ 4,886,403	$ 93,857	$ 3,610,205	$ (5,178,567)	$3,441,898
Issuance of preferred stock	590,300	—	—	—	590,300
Federal paid-in capital	—	—	50,473	—	50,473
Federal and state capital payments	—	—	3,766	—	3,766
Net loss	—	—	—	(650,356)	(650,356)
Balance at September 30, 1988	5,476,703	93,857	3,664,444	(5,828,923)	3,406,081
Issuance of preferred stock	579,300	—	—	—	579,300
Federal paid-in capital	—	—	39,433	—	39,433
Federal and state capital payments	—	—	7,548	—	7,548
Net loss	—	—	—	(665,473)	(665,473)
Balance at September 30, 1989	**$6,056,003**	**$93,857**	**$3,711,425**	**$(6,494,396)**	**$3,366,889**

The accompanying notes are an integral part of these consolidated statements.

September 30, 1989 and 1988

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements reflect the consolidated operations of the National Railroad Passenger Corporation and its wholly-owned subsidiaries, Chicago Union Station Company and Washington Terminal Company. All significant intercompany transactions have been eliminated. Certain reclassifications have been made to the prior year's statements to confirm with the 1989 presentation.

Passenger Related Revenue

Passenger fares are recognized as operating revenues when the related transportation services are furnished. Tickets which have been sold but not used, are classified as deferred ticket revenues, and are included in the Consolidated Balance Sheets under "Accrued expenses and other current liabilities."

Contracted Services Revenue

The Consolidated Statements of Operations include the gross revenues earned and expenses incurred under various arrangements to provide access to the Northeast Corridor, and to perform services for freight railroads and commuter agencies that provide rail services along the Northeast Corridor.

Cash Equivalents

Amtrak considers all financial instruments purchased having a maturity of three months or less to be cash equivalents. Those financial instruments purchased with a maturity of over three months, and which mature not more than one year from the Consolidated Balance Sheet date, are classified as short-term cash investments.

Property and Depreciation

Property and equipment are stated at cost, and are depreciated using the composite straight-line method over their estimated useful lives. Certain major items of property acquired through capital lease agreements are recorded as assets and are amortized over the shorter of their estimated useful lives or the lease term.

Casualty Losses

Provision is made for Amtrak's portion of the estimated liability for unsettled casualty and accident claims. The current portion of this liability is included in the Consolidated Balance Sheets under "Accrued expenses and other current liabilities." The non-current portion is classified as "Casualty reserves." As of September 30, 1989 and 1988, the current claims liability included in accrued expenses and other current liabilities was $46,200,000 and $41,500,000, respectively.

NOTE 2: FEDERAL AND STATE FUNDING

Funds are provided to Amtrak though federal and state payments for operations and for capital acquisitions and improvements. For funds received from the Federal Government, Section 304 of the Rail Passenger Service Act (45 U.S.C. 544) requires Amtrak to issue to the United States Secretary of Transportation preferred stock equal in par value to all federal operating payments and most federal capital payments received subsequent to October 1, 1981, as well as capital and certain operating payments received prior to that date.

Public Law 101-239, approved on December 19, 1989, provides $604,700,000 in federal funds to Amtrak for Fiscal Year 1990 (unaudited—subsequent to date of auditors' report).

Federal paid-in capital, included in the Consolidated Statements of Changes in Capitalization, reflects certain funding received from the Federal Government to finance acquisition of and improvements to property and equipment. In

exchange for these funds, Amtrak issued two promissory notes to the United States. The first note matures on December 31, 2975, and is secured by Amtrak's real property. The second note matures on November 1, 2082, with successive 99-year renewal terms, and is secured by Amtrak's equipment and certain rolling stock. Neither of the notes bears interest, unless prepaid (which Amtrak does not intend to do). The Federal Government's security interest in Amtrak's real property, equipment, and rolling stock entitles it to repayment plus interest in the event Amtrak ceases operations, is acquired by another entity, or seeks relief under bankruptcy or insolvency laws.

NOTE 3: PREFERRED AND COMMON STOCK

At September 30, 1989, 68,400,000 shares of $100 par value preferred stock were authorized, of which 60,560,029 shares were issued and outstanding. On November 1, 1989, 440,587 shares of preferred stock were issued at par value, increasing the total number of shares issued and outstanding to 61,000,616. At September 30, 1988, 56,300,000 shares were authorized, of which 54, 767, 029 shares were issued and outstanding. All issued and outstanding preferred shares are held by the Secretary of Transportation for the benefit of the United States Government. Dividends are to be fixed at a rate not less than 6% per annum and are cumulative so that no dividends may be paid on the common shares prior to the payment of all accrued but unpaid dividends on the preferred shares. No dividends have been declared. Preferred stockholders are also entitled to a liquidation preference over common shares involving a payment of not less than par value plus all accrued unpaid dividends. Each share of preferred stock is convertable into 10 shares of common stock at the option of the preferred stockholder.

At September 30, 1989 and 1988, 10,000,000 shares of $10 par value common stock were authorized, of which 9, 385,694 shares were issued and outstanding.

* * *

PLAINTIFF'S EXHIBIT 96

NATIONAL RAILROAD
PASSENGER CORPORATION

1988 ANNUAL REPORT

* * *

FIVE-YEAR COMPARISON OF AMTRAK'S PERFORMANCE

	1984	1985	1986	1987	**1988**
Revenues (millions)	$ 758.8	$ 825.8	$ 861.4	$ 973.5	**$1,106.7**
Expenses (millions)	$1,552.1	$1,600.1	$1,563.6	$1,672.0	**$1,757.1**
Revenue-to Expense Ratio	.56	.58	.62	.65	**.69**
Revenue-to-Short-Term Avoidable Cost Ratio*	.85	.86	.96	1.03	**1.15**
Revenue-to-Long-Term Avoidable Cost Ratio**	.70	.71	.78	.79	**.90**
Passenger Miles (millions)***	4,552	4,825	5,013	5,221	**5,678**
Passenger Miles Per Train-Mile***	157.1	159.0	172.2	176.8	**188.3**
Ridership (millions)					
System	19.9	20.8	20.3	20.4	**21.5**
Contract Commuter	.518	.587	.656	10.2****	**15.4**
Systemwide On-Time Performance	80%	81%	74%	74%	**71%**

* Short-term avoidable costs—Costs of activities that would stop with the discontinuance of a route or train, or begin with the introduction of a new route or train. Such costs include train and engine crews, fuel and power, and maintenance of way.

** Long-term avoidable costs—All short-term avoidable costs, plus claims expenses, heavy maintenance and a portion of corporate and field overhead.

*** Contract commuter passengers not included.

**** Effective Jan. 1, 1987, Amtrak began providing commuter service under contract to the Massachusetts Bay Transportation Authority.

THE PRESIDENT'S LETTER

* * *

Adequate capital investment is vital to Amtrak's future. Although Amtrak is able to fund some of its critical capital needs through its corporate development and real estate activities, a larger and more consistent source of capital funding is needed now and will be needed even more in the years just ahead when aging locomotives and cars must be replaced. A transportation trust fund, funded through the gasoline tax—to which Amtrak as well as highway builders and mass transit agencies would have access—offers the most promising source of the capital we need if Amtrak is to remain a reliable, marketable alternative to highway and air congestion.

* * *

/s/ W GRAHAM CLAYTOR, JR.
W. Graham Claytor, Jr.
President
December 31, 1988

* * *

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

STATEMENT OF CHANGES IN CAPITALIZATION FOR THE YEARS ENDED SEPTEMBER 30, 1988 AND 1987

(THOUSANDS OF DOLLARS)

	Balance Sept. 30, 1986	Year Ended Sept. 30, 1987	Balance Sept. 30, 1987	**Year Ended Sept. 30, 1988**	**Balance Sept. 30, 1988**
Preferred stock issued to the Federal Government, $100 par value; 56,300,000 shares authorized (an additional 5,900,000 shares were authorized subsequent to September 30, 1988, increasing the number of authorized shares to 62,200,000); 54,767,029 shares outstanding in 1988 and 48,864,029 shares outstanding in 1987	$ 4,302,403	$ 584,000	$ 4,886,403	**$ 590,300**	**$ 5,476,703**
Common stock, $10 par value; 10,000,000 shares authorized, 9,385,694 shares outstanding	93,857	—	93,857	—	**93,857**
Other paid-in capital:					
Federal paid-in capital	3,248,415	91,825	3,340,240	**50,473**	**3,390,713**
Railroad capital payments	108,997	—	108,997	—	**108,997**

	Balance Sept. 30, 1986	Year Ended Sept. 30,' 1987	Balance Sept. 30, 1988	**Year Ended Sept. 30, 1988**	**Balance Sept. 30, 1988**
Federal and state capital payments	154,059	6,909	160,968	**3,766**	**164,734**
	3,511,471	98,734	3,610,205	**54,239**	**3,664,444**
Accumulated deficit before federal operating payments	(8,526,644)	(698,515)	(9,225,159)	**(650,356)**	**(9,875,515)**
Federal operating payments	4,046,592	—	4,046,592	—	**4,046,592**
Accumulated deficit	(4,480,052)	(698,515)	(5,178,567)	**(650,356)**	**(5,828,923)**
Total capitalization	$ 3,427,679	$ (15,781)	$ 3,411,898	**$ (5,817)**	**$ 3,406,081**

The accompanying notes are an integral part of these statements.

PLAINTIFF'S EXHIBIT 97

NATIONAL RAILROAD
PASSENGER CORPORATION

1986 ANNUAL REPORT

THE PRESIDENT'S REPORT

In many ways, fiscal year 1986 (FY86) was one of Amtrak's most successful years. Certainly that was true of the corporation's financial performance, achieved as it was in a highly competitive market complicated by decreases in gasoline prices. Through it all Amtrak kept a keen eye on the bottom line and displayed an overriding concern for improving service, increasing revenues and controlling costs.

* * *

In spite of this progress, of the $587 million of federal support received for its operations in FY86, $242 million was required to cover direct and indirect operating costs of the Northeast Corridor, and $345 million was required for operating the rest of the system. No rail passenger system in the world is able to operate at a profit, and Amtrak is no exception.

* * *

Amtrak's federal funding, although authorized through FY87 and FY88, is still subject to the appropriations process and budget constraints. The same legislation that authorized our funding also presented us with some new opportunities to improve our bottom line and we intend to make the most of them.

* * *

/s/ W GRAHAM CLAYTOR, JR.
W. Graham Claytor, Jr.
President
December 31, 1986

HIGHLIGHTS OF AMTRAK'S 1986 PERFORMANCE

FIVE-YEAR COMPARISON OF AMTRAK'S PERFORMANCE

	1982	1983	1984	1985	**1986**
Operating Revenues (millions)	$ 630.7	$ 664.4	$ 758.8	$ 825.8	**$ 861.4**
Operating Expenses (millions)	$1,280.6	$1,349.5	$1,485.2	$1,566.1	**$1,530.2**
Revenue-to-Expense Ratio	.53	.54	.56	.58	**.62**
Revenue-to-Short-Term-Avoidable Cost Ratio*	.77	.80	.85	.86	**.96**
Revenue-to-Long-Term Avoidable Cost Ratio**	.64	.68	.70	.71	**.78**
Passenger Miles (millions)	4,172	4,246	4,552	4,825	**5,012**
Passenger Miles Per Train-Mile	145.6	145.8	157.1	159.0	**172.2**
Ridership					
System (millions)	19.0	19.0	19.9	20.8	**20.3**
Contract Commuter (thousands)	—	231***	518	587	**656**
Systemwide On-Time Performance	79%	82%	80%	81%	**74%**

* Short-term avoidable costs—Costs of activities that would stop with the discontinuance of a route or train, or begin with the introduction of a new route or train. Such costs include train and engine crews, fuel and power; and maintenance of way.

** Long-term avoidable costs—All short-term avoidable costs, plus claims expenses, heavy maintenance and a portion of corporate and field overhead. Also included is a consideration of the effects route additions and deletions have on corporate costs over a period longer than one year.

*** Effective Jan. 1, 1983, Amtrak began providing commuter service under contract to the state of Maryland.

AMTRAK ON THE UPGRADE

* * *

A slight decrease in the number of riders reflects a conscious decision we made to lower our operating costs by operating fewer trains used primarily by commuters, all of which require very heavy subsidies. Due to this restructuring in some of our services, we estimate that we are no longer carrying some 600,000 to 700,000 commuters, primarily in the Northeast. This was one of the steps we had to take to live within a reduced federal grant.

Another step which affected ridership was changing three of our long-distance trains from daily to tri-weekly operation during the off-peak winter season. Savings on the *Pioneer* route were substantial; however, savings on the *Palmetto* and *Crescent* routes were not as much as we anticipated. Nevertheless, we were determined to maintain some level of service on all of our routes.

On the other hand, without adversely affecting our need for federal subsidies, Amtrak was able to add service between New York City and Cape Cod on summer weekends as a result of a contract with the commonwealth of Massachusetts.

* * *

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

STATEMENT OF CHANGES IN CAPITALIZATION FOR THE YEARS ENDED SEPTEMBER 30, 1986 AND 1985

(THOUSANDS OF DOLLARS)

	Balance Sept. 30, 1984	Year Ended Sept. 30, 1983	Balance Sept. 30, 1985	**Year Ended Sept. 30, 1986**	**Balance Sept. 30, 1986**
Preferred stock issued to the Federal Government, $100 par value; 50,000,000 shares authorized, 43,024,029 shares outstanding in 1986 and 36,279,449 shares outstanding in 1985	$2,883,544	$744,401	$3,627,945	**$674,458**	**$4,302,403**
Common stock, $10 par value; 10,000,000 shares authorized, 9,385,694 shares outstanding	93,857	—	93,857	—	**93,857**
Other paid-in capital:					
Railroad capital payments					
Federal and state capital payments	108,997	—	108,997	—	**108,997**
	128,924	18,729	147,653	**6,406**	**154,059**
	237,921	18,729	256,650	**6,406**	**263,056**
Accumulated deficit before federal operating payments	(7,050,119)	(774,345)	(7,824,464)	**(702,180)**	**(8,526,644)**
Federal operating payments	4,046,592	—	4,046,592	—	**4,046,592**

	Balance Sept. 30, 1984	Year Ended Sept. 30, 1983	Balance Sept. 30, 1985	**Year Ended Sept. 30, 1986**	**Balance Sept. 30, 1986**
Accumulated deficit	(3,003,527)	(774,345)	(3,777,872)	**(702,180)**	**(4,480,052)**
Total capitalization	$211,795	$(11,215)	$200,580	**$(21,316)**	**$ 179,264**

The accompanying notes are an integral part of this statement.

PLAINTIFF'S EXHIBIT 98

BYLAWS

of

NATIONAL RAILROAD PASSENGER CORPORATION

(Updated Through January 1984)

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APPENDIX A (to the Corporation's Bylaws)

Open Meetings of the Board of Directors of the Corporation

BYLAWS

of

NATIONAL RAILROAD PASSENGER CORPORATION

ARTICLE I

General Provisions

Section 1.01. Rules of Construction.

For the purposes of these Bylaws, words importing the masculine gender include the feminine as well.

The word "person" includes corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals.

ARTICLE II

Offices

Section 2.01. Registered Office.

The registered office of the Corporation shall be in the District of Columbia.

Section 2.02. Other Offices.

The Corporation may also have offices at such other places, either within or without the District of Columbia, as the Board of Directors may from time to time authorize.

ARTICLE III

Shareholders

Section 3.01. Meetings.

Annual and special meetings of the shareholders shall be held at the Corporation's principal place of business in the District of Columbia or at such other place within or without the District of Columbia as may be designated in the notice of the meeting.

Section 3.02. Annual Meeting.

The annual meeting of the shareholders for the election of Directors shall be held at 2:00 P.M. local time at the place of meeting on the fourth Thursday in the fourth month after the close of each fiscal year commencing in 1972, or if that day shall be a holiday at the place of the meeting, then on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work any forfeiture or dissolution of the Corporation.

Section 3.03. Special Meetings.

Special meetings of the shareholders may be called by the Board of Directors, the Chairman of the Board, the President, the Secretary, or the holders of not less than one-fifth of all of the shares of the Corporation outstanding and entitled to vote at such meeting. Upon request in writing delivered either in person or by registered mail to the President or Secretary of the Corporation by any person or persons entitled to call a meeting of shareholders, such officer shall cause to be given, to the shareholders entitled thereto, notice of a meeting to be held not less than ten nor more than fifty days after the receipt of such request, as such officer shall fix. If such notice is not given within twenty days after the delivery or mailing of such request, the person or persons calling the meeting may fix the time of the meeting and give, or cause to be given, notice in the manner hereinafter provided.

Section 3.04. Adjournments.

Any annual or special meeting of shareholders may be adjourned from time to time by a majority of the votes of the shareholders present in person or represented by proxy at the meeting and entitled to vote thereat, whether or not a quorum be present, provided that any meeting at which Directors are to be elected shall be adjourned as provided in Section 3.11 of these Bylaws.

Section 3.05. Notice or Waiver of Notice.

Except as hereinafter otherwise provided, notice of each meeting of shareholders, whether annual or special, shall be given to each shareholder of record entitled to vote at such meeting by delivering a written or printed notice thereof to him personally or by mailing or telegraphing such notice to him, charges prepaid, addressed to him at his address as it appears on the books of the Corporation, not less than ten days and not more than fifty days before the day on which the meeting is to be held. Every such notice shall state the place, day and hour of the meeting and, in the case of special meetings, the purpose of the meeting. Attendance by any shareholder, in person or by proxy, at any meeting of which he is entitled to notice shall constitute a waiver by him of notice of such meeting except where such attendance is for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. A written waiver of notice of any meeting signed by a person entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to giving of such notice to such person. When a meeting is adjourned, it shall not be necessary, except when required by law, to give any notice of the adjourned meeting or of the business to be transacted thereat otherwise than by announcement at the meeting at which such adjournment is taken.

Section 3.06. Quorum.

A shareholders' meeting shall not be organized for the transaction of business unless a quorum is present. The presence in person or by proxy of the holders of a majority of the outstanding shares of the Corporation entitled to vote shall be necessary to, and shall constitute, a quorum, except that for the election of Directors the provisions of Section 3.11 of these Bylaws shall govern; provided that if a quorum is found to exist at any duly organized meeting, a quorum shall be deemed to continue to exist until final adjournment of such meeting, whether on the same day or a later day, notwithstanding the withdrawal of the holders of enough shares to leave less than the number necessary to constitute a quorum.

Section 3.07. Organization.

At each meeting of the shareholders a chairman chosen by a majority of the votes of the shareholders present in person or represented by proxy at the meting and entitled to vote thereat shall act as chairman of such meeting and preside thereat. The Secretary of the Corporation, or in his absence, an Assistant Secretary of the Corporation, shall act as Secretary at all meetings of the shareholders. In the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chairman of the meeting may appoint any person to act as Secretary of the meeting.

Section 3.08. Order of Business.

The order of business to be followed at any meeting at which a quorum is present shall be as established by the chairman of the meeting, unless objection thereto shall be made by a shareholder, in which event the order of business shall be established by a majority of the votes of the shareholders present in person or represented by proxy at the meeting and entitled to vote thereat.

Section 3.09. Voting List—Proxies.

(a) At least five days before each meeting of shareholders, the Secretary of the Corporation shall make, or cause to be made, a complete list of the shareholders entitled to vote at the meeting arranged in alphabetical order as to each class of stock with the address of and the number of shares held by each. Such list shall be kept on file at the principal place of business or at the registered office of the Corporation or at the office of its transfer agent or registrar, and shall be subject to inspection, for any proper purpose, at any time during usual business hours, by any shareholder entitled to vote.

(b) Any shareholder may vote either in person or by proxy, provided that a proxy shall not be valid if granted to a person who under the Rail Passenger Service Act of 1970 may not own shares of the class covered by such proxy. A proxy may authorize the casting of votes in any manner authorized by the Articles of Incorporation, as the holder of such proxy may determine in his discretion, or may require that such votes be cast in a particular manner. Every proxy shall be executed in writing by the shareholder or by his duly authorized attorney-in-fact and filed with the Secretary or with the Inspectors of Votes. No proxy shall be valid after eleven months from the date of its execution, unless a longer period is expressly provided therein. Every proxy shall be revocable at the pleasure of the person executing it or his personal representatives or assigns; provided that the parties to a valid pledge or to an executory contract of sale may agree in writing as to which of them shall vote the stock pledged or sold until the contract of pledge or sale is fully executed and the shares transferred on the stock records of the Corporation.

(c) Upon the demand of any shareholder, the vote upon any matter shall be by ballot. On a vote by ballot, each ballot shall be signed by the shareholder voting or by the holder of his proxy, and shall state the class and number of shares voted. At all meetings of the shareholders, all matters properly submitted to the shareholders (except the election of the Directors and matters the manner of deciding which is espe-

cially regulated by law, the Articles of Incorporation or these Bylaws) shall be decided by a majority of the votes of the shareholders of the Corporation present in person or represented by proxy and entitled to vote at such meeting. Shares owned by the Corporation shall not be voted, directly or indirectly, and shall not be counted in determining the existence of a quorum or in determining the total number of outstanding shares for voting purposes.

Section 3.10. Inspectors of Votes.

In advance of any meeting of shareholders the Board of Directors may appoint three Inspectors of Votes to act at such meeting and at any adjournment or adjournments thereof. If such Inspectors are not so appointed, the chairman of any such meeting may, and on the request of any shareholder or his proxy shall, make such appointments. No such Inspector need be a shareholder of the Corporation.

In case any person appointed as such Inspector shall fail or refuse to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting; or if not so filled, such vacancy may, and on request of any shareholder or his proxy shall, be filled at the meeting by the chairman thereof.

The decision, act or certificate of a majority of the Inspectors shall be effective in all respects as the decision, act or certificate of all.

The Inspectors of Votes, or if no Inspectors are appointed, the Secretary of the meeting, shall determine the number of shares outstanding, the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies; receive votes, ballots, assents or consents; hear and determine all challenges and questions in any way arising in connection with the vote; count and tabulate all votes, assents and consents; determine and announce the result of the voting; and do such acts as shall be proper to conduct the election or vote with fairness to all shareholders. On request, the Inspectors, or the Secretary of the meeting, as the case may be, shall make a report in

writing of any challenge, question or matter determined by them and shall make and execute a certificate of any fact found by them. The certificate of the Inspectors, or the Secretary of the meeting, as the case may be, shall be prima facie evidence of the facts stated therein and of the vote as certified.

Section 3.11. Election of Directors.

(a) At any meeting of shareholders for the election of Directors, the presence in person or by proxy of the holders of a majority of the shares of common stock entitled to vote thereat shall be necessary to constitute a quorum for the election of Directors to be elected by the holders of common stock; and the presence in person or by proxy of the holders of a majority of the shares of preferred stock entitled to vote thereat shall be necessary for the election of Directors to be elected by the holders of preferred stock.

(b) If at any meeting of shareholders for the election of Directors there shall not exist the quorum of holders of common stock or preferred stock required for the election of Directors by such class, the meeting may proceed to transact such other business as may be authorized, but with respect to the election of Directors by such class, the meeting shall be adjourned from day to day, or for such longer periods not exceeding fifteen days each, as the holders of a majority of the shares of such class present in person or represented by proxy shall direct, until such quorum of such class shall have been attained and such Directors shall have been elected, provided that, if such quorum shall not have been attained within thirty days from the date of such meeting as originally called, the presence in person or by proxy of the holders of one-third of the outstanding shares of such class entitled to vote thereat shall then be sufficient to constitute a quorum for the sole purpose of election of Directors by such class. The absence of a quorum of the holders of one class shall not affect the election by the holders of the other class of the Directors whom they are entitled to elect.

(c) At any meeting of shareholders at which Directors are to be elected, only persons nominated as candidates shall be eligible for election.

Section 3.12. Appointment of Independent Public Accountants.

Once each year on such day as shall be determined by the Board of Directors, the Board, after receiving a recommendation from the Audit Committee, shall appoint independent public accountants for the purpose of auditing and certifying the annual financial statements of the Corporation for its current fiscal year.

ARTICLE IV

Board of Directors

Section 4.01. General Powers.

The property, affairs and business of the Corporation shall be managed by the Board of Directors.

Section 4.02. Number, Term of Office and Qualifications.

The Board of Directors shall consist of nine persons whose method of appointment or selection and whose term of office shall be as set forth in the Rail Passenger Service Act, as amended, and the Articles of Incorporation. Directors shall be citizens of the United States but need not be shareholders or residents of the District of Columbia.

Section 4.03. Organization of Directors' Meetings.

At all meetings of the Board of Directors the Chairman of the Board, or, in his absence, the Vice Chairman of the Board, or in the absence of the Chairman of the Board and the Vice Chairman of the Board, a chairman chosen by a majority of the Directors present shall act as chairman of such meeting and preside thereat. The Secretary, or in his absence, an Assistant Secretary, shall act as Secretary at all meetings of

the Board. In the absence from any such meeting of the Secretary and all the Assistant Secretaries, the Chairman may appoint any person to act as Secretary of the meeting.

Section 4.04. Resignations.

Any Director of the Corporation may resign at any time by giving written notice of his resignation to the Corporation. Such resignation shall take effect at the time received unless another time is specified therein. The acceptance of such resignation shall not be necessary to make it effective.

Section 4.05. Regular Meetings.

Regular meetings of the Board of Directors shall be held within the District of Columbia or elsewhere at such regular intervals as may be fixed by resolution adopted by a majority of the whole Board and upon such notice, or without notice, as shall be specified in said resolution.

Section 4.06. Special Meetings.

Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, the President or any three of the Directors. Notice of each such meeting shall be mailed to each Director at his address appearing on the books of the Corporation or supplied by him to the Corporation for the purpose of notice, at least four days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, charges prepaid, or delivered to him personally not later than the second day before the day on which the meeting is to be held. Every such notice shall specify the place, day and hour of the meeting and will specify the business to be transacted or the purpose of the meeting. A waiver of notice of any meeting in writing signed by the Director entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a Director at any meeting shall constitute a waiver by him of notice of such meeting except where a Director attends for the express pur-

pose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 4.07. Conference Telephone Meetings.

Notwithstanding the provisions of Section 5 of Appendix A hereto, any or all Directors may participate in a meeting of the Board of Directors or a Committee of the Board by means of conference telephone or by any means of communication by which all persons participating in the meeting are able to hear one another, and such participation shall constitute presence in person at the meeting.

Section 4.08. Quorum, Manner of Acting and Adjournment.

Five members shall constitute a quorum for the purpose of conducting the business of the Board. Except as otherwise specifically provided by statute, the Articles of Incorporation or these Bylaws, the acts of a majority of the Directors present at a meeting at which a quorum exists shall be the acts of the Board of Directors. A majority of the Directors present at any meeting may adjourn the meeting from time to time. Each Director shall be entitled to one vote.

Section 4.09. Filling Vacancies on Board.

Vacancies shall be filed in the same manner as in the case of the original selections.

Section 4.10. Compensation.

Each of the Directors not employed by the Federal Government shall receive compensation at the rate of $300 per diem when engaged in the actual performance of duties. In addition, each Director shall be reimbursed for necessary business travel and subsistence expenses incurred in attending meetings of the Board or of a duly constituted committee of the Board. Each Director shall also be reimbursed for secretarial or professional staff support which is reasonably required, in accordance with policies established by the Board. Directors shall also be entitled to reimbursement for

other expenses incurred in connection with the performance of services as a Director, in accordance with policies established by the Board.

Section 4.11. Outside Interests.

The Board of Directors shall from time to time adopt appropriate rules and regulations providing for the disclosure of any direct or indirect financial or employment interest or relationships of Directors, officers and key employees and members of their immediate families in or with any entities with which the Corporation does or contemplates doing business and governing the conduct of Directors, officers and key employees with respect to contracts and transactions with such entities.

ARTICLE V

Committees

Section 5.01. Executive Committee.

The Board of Directors, by resolution adopted by a majority of the number of Directors stated in the Articles of Incorporation, may designate two or more Directors to constitute an Executive Committee, which Committee shall have and may exercise all of the authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

Section 5.02. Committees in General.

The Board of Directors may appoint such other committees as it may deem appropriate to perform such functions as it may designate. Each such committee shall consist of not less than three of the Directors then in office.

Section 5.03. Committee Procedure.

The Board of Directors shall designate one member of each committee to act as its chairman. Each member of any committee shall continue to be a member of that committee only during the pleasure of the Board of Directors. Except as otherwise provided by the Board of Directors, a majority of a committee shall constitute a quorum thereof, and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the committee, provided that any committee may, by unanimous written approval of its members, take action without a meeting of the committee. Meetings of each committee may be called by the chairman of the committee and shall be called by the Secretary of the Corporation at the request of the chairman of the committee or any two members of the committee. Notice of committee meetings shall be mailed to each member at his address appearing on the books of the Corporation or supplied by him to the Corporation for the purpose of notice, at least three days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, charges prepaid, or delivered to him personally not later than 24 hours before the time at which the meeting is to be held. Each such notice shall specify the place, day and hour of the meeting but need not specify the business to be transacted or the purpose of the meeting. A waiver of notice of any meeting in writing signed by the member entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a member at any meeting shall constitute a waiver by him of notice of such meeting except where a member attends for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. Whenever a meeting of a committee shall be adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted thereat otherwise than by announcement at the meeting at which such adjournment is taken. Minutes of meetings of committees shall be kept, and all action taken by committees shall be reported to the Board

of Directors at its next meeting. Each committee shall also render such other reports as the Board may request.

ARTICLE VI

Officers

Section 6.01. Officers.

The officers of the Corporation shall be a President and such Executive Vice Presidents and Vice Presidents as may from time to time be elected by the Board of Directors, a Secretary and a Treasurer. The Board of Directors may elect such other officers, including assistant officers, as it may deem necessary, each of whom shall have such authority and perform such duties as the Board of Directors may from time to time determine. The officers of the Board shall be a Chairman and a Vice Chairman.

Section 6.02. Election, Term of Office and Qualifications.

Officers of the Corporation shall be elected by the Board of Directors to serve at the pleasure of the Board. Each officer shall hold his office until his successor shall have been duly elected and qualified in his stead or until he shall resign or shall have been removed in the manner hereinafter provided. No individual other than a citizen of the United States shall be an officer of the Corporation. No officer may have any direct or indirect employment or financial relationship with any railroad (as that term is defined in Section 103 of the Rail Passenger Service Act) during the time of his employment by the Corporation, except that the holding of securities issued by a railroad shall not be deemed to be violative of this prohibition, provided that the officer who holds such securities recuses himself from any decisions which bear directly on such railroad and makes full public disclosure of such holdings. Each officer who holds railroad securities shall, upon notice to the President of the Corporation and other officers, delegate to another officer the responsibility for exercising

powers of his office in connection with any matter bearing directly on railroads whose securities he holds. Any two or more offices may be held by the same person, except that the same person shall not be both President and Secretary.

Section 6.03. Removal.

Any officer elected by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Corporation will be served thereby. Any officer of the Corporation may be removed by the President whenever in his judgment the best interests of the Corporation will be served thereby, provided that such removal shall be subject to ratification by the Board of Directors as its next meeting.

Section 6.04. Resignation.

Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Corporation. Such resignation shall take effect at the time specified therein, if any, and if no time is specified therein shall take effect when given. The acceptance of such resignation shall not be necessary to make it effective.

Section 6.05. Vacancies.

Any vacancy in any office because of death, resignation, removal, disqualification or any other cause may be filled by the Board of Directors at any regular or special meeting thereof.

Section 6.06. The Chairman and the Vice Chairman of the Board.

The President of the Corporation shall serve as Chairman of the Board of Directors. The Chairman shall, if present, preside at all meetings of the Board. He shall appoint members to committees of the Board with Board concurrence. He shall advise and consult with the other members of the Board of Directors on matters of policy. In addition, the Chairman shall

carry out all functions required by him by these Bylaws and shall perform such other duties as from time to time may be assigned to him by the Board.

The Board of Directors, by a vote of a majority of all members present, shall elect annually from among its members a Vice Chairman of the Board. The Vice Chairman shall serve in such capacity at the pleasure of the Board, or until his successor has been duly elected and qualified, or until he shall resign or otherwise vacate his office or Board membership. In the absence of the Chairman of the Board, the Vice Chairman shall act in all respects in the stead of the Chairman during such absence. In addition, the Vice Chairman shall carry out all functions required of him by these Bylaws and shall perform such other duties as from time to time may be assigned to him by the Board.

Section 6.07. The President.

The President of the Corporation shall be the Chief Executive Officer of the Corporation. The Chief Executive Officer shall have general supervision of the affairs of the Corporation, subject to the policies and direction of the Board of Directors, and shall supervise and direct all officers and employees of the Corporation, but may delegate in his discretion any of his powers to any officer or such other executives as he may designate.

The President shall perform such other duties as the Board of Directors may from time to time assign to him.

In the order designated by the President, the Executive Vice Presidents and Vice Presidents shall, in the absence of the President, perform his duties as Chief Executive Officer of the Corporation.

Section 6.08. The Executive Vice Presidents and Vice Presidents.

Each Executive Vice President and Vice President shall have such powers and perform such duties as from time to time may be assigned to him by the Board of Directors or the President.

Section 6.09. The Secretary.

The Secretary shall:

(a) see that all notices are duly given in accordance with laws and these Bylaws;

(b) be custodian of the seal of the Corporation and affix such seal to all documents the execution of which, on behalf of the Corporation under its seal, is authorized by the Board of Directors or the Executive Committee, if any, or by any officer or agent of the Corporation to whom power to authorize the affixing of such seal shall have been delegated;

(c) keep, or cause to be kept, in books provided for the purpose, minutes of the meetings of the shareholders, of the Board of Directors, and each committee of the Board;

(d) keep or cause to be kept registers or other appropriate records of the shareholders of all classes of stock;

(e) see that the books, reports, statements, certificates, voting lists and all other documents and records required by law are properly kept and filed;

(f) sign such instruments as require the signature of the Secretary; and,

(g) in general, perform all the duties incident to the Office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6.10. The Treasurer.

The Treasurer shall be responsible for all receipts and disbursements of the Corporation and the custodianship of the Corporation's funds. He shall have full authority, directly or by his delegation to selected officers or other employees, to receive and give receipts for all monies due and payable to the Corporation from any source whatever, and to endorse checks, drafts, and warrants in its name and on its behalf. He shall be responsible for depositing the funds of the Corporation in its name in such depositories as may be designated by him, shall sign or delegate the signing of all checks, notes and drafts and shall be charged with the general establishment of the Corporation's policies and procedures relating to short-term financing, cash management, credits and collections and insurance.

The Treasurer shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

The Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such sureties as the Board of Directors shall determine.

Section 6.11. The Controller.

The Controller shall be the Chief Accounting Officer of the Corporation and shall arrange for the keeping of adequate records of all assets, liabilities and transactions of the Corporation.

Section 6.12. Compensation.

The compensation of the officers shall be fixed from time to time by the Board of Directors. Except with the prior approval of the Board of Directors, no officer of the Corporation shall receive any salary from any source other than the Corporation during his period of employment by the Corporation.

ARTICLE VII

Shares and Their Transfer

Section 7.01. Certificates for Shares.

Shares of stock of the Corporation shall be represented by certificates for shares in such form as the Board of Directors may from time to time prescribe. No certificate representing any share shall be issued until such share is fully paid. No certificate for shares of stock of the Corporation shall be valid unless it shall have been signed by the President or a Vice President and by the Secretary or an Assistant Secretary and

shall have been impressed with the corporate seal; provided, however, that to the extent permitted by law, the signatures of such officers or any of them and such corporate seal may be a facsimile.

Section 7.02. Transfer of Stock.

Except as otherwise provided by law, transfer of shares of stock of the Corporation shall be made on the books of the Corporation only by the holder hereof, or by his attorney thereunto authorized by a duly executed power of attorney, and on surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes on the transfer thereof. The Corporation shall have the right to treat the person whose name is registered upon its books as the holder of any shares of its stock as the absolute owner of such shares, and, except as otherwise provided in these Bylaws, such person shall have the exclusive right to vote and to receive dividends thereon.

Section 7.03. Substituted Certificates.

Any person claiming a certificate for shares alleged to have been lost, stolen or destroyed shall make an affidavit or affirmation of that fact, shall give the Corporation and its registrar or registrars and its transfer agent or agents a bond of indemnity satisfactory to the Board of Directors or to the Executive Committee or to the President or a Vice President and the Secretary or the Treasurer, and, if required by the Board of Directors or the Executive Committee or such officers, shall advertise the same in such manner as may be required, whereupon a new certificate may be executed and delivered of the same tenor and for the same number of shares as the one alleged to have been lost, stolen or destroyed.

Section 7.04. Regulations.

The Board of Directors may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates for shares of stock of the Corporation. It may appoint one or more transfer agents and

one or more registrars and may require all certificates of stock to bear the signature of either a transfer agent or a registrar or both.

Section 7.05. Closing Transfer Books—Fixing Record Date, Etc.

Insofar as permitted by law, the Board of Directors shall have power to close the stock transfer books of the Corporation for a period not exceeding fifty days preceding the date of any meeting of the shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect. If the stock transfer books are so closed for the purpose of determining shareholders entitled to notice of or vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding the date of such meeting. If the stock transfer books are so closed for any purpose, written or printed notice of the closing shall be mailed at least ten days before the closing to each shareholder of record of the Corporation at his address appearing on the records of the Corporation, or supplied by him to the Corporation for the purpose of notice. While the stock transfer books of the Corporation are closed, no transfer of shares shall be made thereon. In lieu of closing the stock transfer books as aforesaid, the Board of Directors may, in its discretion, fix a time, not more than fifty days prior to the date of any meeting of shareholders or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect, and, in the case of a meeting of shareholders, not less than ten days before the date of the meeting, as a record date for the determination of shareholders entitled to notice of, or to vote at any such meeting, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of shares. If a record date shall be fixed as afore-

said, such persons as shall be shareholders of record on the date so fixed, and only such persons, shall be entitled to notice of, or to vote at, such meeting, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date so fixed as aforesaid. If the stock transfer books of the Corporation shall not be closed as herein provided and if a record date for the determination of shareholders entitled to receive notice of, or to vote at, any shareholders' meeting shall be fixed as herein provided, the date on which notice of the meeting is given shall be in accordance with Section 3.05 of these Bylaws and shall be the record date for such determination.

ARTICLE VIII

Seal

Section 8.01. Seal.

The Corporation shall have a corporate seal, which shall be in the form of a circle and shall bear the full name of the Corporation and the words and figures "Corporate Seal—District of Columbia—1971" or words and figures of similar import.

ARTICLE IX

Indemnification and Insurance

Section 9.01. Indemnification.

(a) The Corporation shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Corporation), by reason of the fact

that he is or was an incorporator, director, officer, or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal action, suit or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

(b) The Corporation shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending or completed action, suit or proceeding, including all appeals, by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was an incorporator, director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action, suit or proceeding. The Corporation shall also indemnify any such person against amounts paid in settlement of such action, suit or proceeding up to the amount that would reasonably have been expended in his defense (determined in the manner provided for in Subsection (d)) if such action, suit or proceeding had been prosecuted to a conclusion. However, indemnification under this Subsection shall

be made only if the person to be indemnified acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and no such indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless, and only to the extent that, the court or body in or before which such action, suit or proceeding was finally determined, or any court of competent jurisdiction, shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses or other amounts paid as such court shall deem proper.

(c) Without limiting the right of any incorporator, director, officer or employee of the Corporation to indemnification under any such Subsection hereof, if such person has been substantially and finally successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Subsections (a) and (b), he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Except in a situation governed by Subsection (c), any indemnification under Subsections (a) and (b) (unless approved by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the incorporator, director, officer or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in Subsections (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who are not or were not parties to or threatened with such action, suit or proceeding, or any other action, suit or proceeding arising from the same or similar operative facts, or (2) if such a quorum is not obtainable, or even if obtainable, if a majority of such quorum of disinterested Directors so directs, by independent legal counsel (compensated by the Corporation) in a written opinion.

(e) Expenses of each person indemnified hereunder incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding (including all appeals) or threat thereof, may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors, whether a disinterested quorum exists or not, upon receipt of an undertaking by or on behalf of the incorporator, director, officer or employee to repay such expenses unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation.

(f) The indemnification provided by this Article shall not be deemed exclusive of or in any way to limit any other rights to which any person indemnified may be or may become entitled as a matter of law, by the Articles, agreements, insurance, vote of shareholders or otherwise, with respect to actions in his official capacity and with respect to action in another capacity while holding such office and shall continue as to a person who has ceased to be an incorporator, director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Subsections (a) through (f) of this Article shall apply to such agents of the Corporation as are designated at any time by the Board of Directors.

(h) If any part of this Article shall be found, in any action, suit or proceeding, to be invalid or ineffective, the validity and the effect of the remaining parts shall not be affected.

Section 9.02. Liability Insurance.

The Corporation may purchase and maintain insurance on behalf of any person who is or was an incorporator, director, officer, employee or designated agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or designated agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him

against such liability under the provisions of this Article or of the District of Columbia Business Corporation Act.

ARTICLE X

Amendment of Bylaws

Section 10.01. Amendment of Bylaws.

These Bylaws may be amended by the vote of a majority of the Directors then in office at a meeting at which a quorum is present or by unanimous consent in writing of all the Directors in office.

APPENDIX A (to the Corporation's Bylaws)

Open Meetings of the Board of Directors of the Corporation

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Section 1 - The Purpose and Scope of this Appendix.

The Corporation fully endorses the principle of making available to the public information regarding the decision-making processes of the Board of Directors. It is the purpose of this Appendix to open the meetings of the Board of Directors to the public except where such meetings may be closed under this Appendix.

Meetings should be opened to afford the public a full opportunity to be aware of the conduct of the Corporation's business; at the same time, the provisions of this Appendix should not interfere with the rights of individuals or with the ability of the members of the Board of Directors to carry out their corporate and statutory responsibilities. This Appendix implements the spirit and intent of the Government in the Sunshine Act (5 U.S.C. §§ 552b). Public access to documents being considered at meetings of the Corporation's Board of Directors shall be obtained in the manner and to the extent as set forth in the Freedom of Information Act (5 U.S.C. §§ 552).

Section 2 - Definitions.

a. "Act" means the Rail Passenger Service Act (45 U.S.C. § 501 *et seq.*);

b. "Chairman" and "Vice Chairman" means the Chairman and Vice Chairman of the Board of Directors, or in their absence a chairman chosen by a majority of the members of the Board of Directors present to act as chairman of a meeting and to preside thereat;

c. "Corporation" means the National Railroad Passenger Corporation;

d. "Meeting" means the deliberations of at least a quorum of the Board of Directors where such deliberations determine or result in the disposition of corporate business. The term includes both regular and special meetings of the Board of Directors.

The term "meeting" as used herein shall exclude: (1) deliberations of a majority of the members of the Board of Directors for the purpose of (A) calling a meeting at a date earlier than the requisite public notice period, (B) determining whether to close a meeting or series of meetings, or any portion thereof, to the public, or (C) changing the subject matter of a meeting which has already been publicly announced; and (2) presentations by management or other parties of information, data, and other materials relating to proposed actions on behalf of the Corporation.

e. "Member of the Board of Directors" means an individual who has been selected as a member of the Corporation's Board of Directors pursuant to Section 303 of the Act (45 U.S.C. § 543).

f. "Vote" means a poll of the members of the Board of Directors taken at a meeting or by telephone or by other means of communication.

g. "Secretary" means the Secretary of the Corporation and, in the absence or disability of the Secretary, those duly authorized to act in such capacity.

Section 3 - Preparation of Agenda in Advance of the Meeting.

a. In order to assure that the public will receive proper advance notice of meetings and in order to facilitate the issuance by the Corporation of the public announcement of meetings, the Secretary shall, to the extent feasible, undertake to prepare the agenda for a meeting twelve days in advance of the scheduled meeting date.

b. The agenda for a future scheduled meeting shall be, to the extent feasible, approved by the Chairman or Vice Chairman of the Board of Directors at least nine days prior to the future scheduled meeting date.

c. The Secretary shall respond to all inquiries concerning meeting agendas.

Section 4 - Public Announcements of Meetings; Subsequent Changes.

a. In the case of each meeting, the Corporation shall make an announcement to the public, at least one week before the meeting, which (A) states the time, place and date of the meeting, (B) sets forth the subject matter or agenda items to be discussed at the meeting, (C) states whether the meeting, or any portion thereof, is to be open or closed to the public, (D) gives the name and business telephone number of the Secretary.

b. The requirement to announce a meeting one week in advance shall not apply to the extent the Chairman of the Board determines that the business of the Corporation so requires in which case the Corporation shall at the earliest practical time make an announcement to the public containing the information required by paragraph a. of this section.

c. The time or place of a meeting, the subject matter of a meeting, or the determination to open or close a meeting, or any portion thereof, may be changed following the announcement to the public required by this Section if a majority of the

members of the Board determines that the business of the Corporation so requires.

d. The Board of Directors expressly reserves the right during the course of a meeting to discuss and to vote on a matter not previously announced as an agenda item if circumstances so require.

e. The Secretary shall issue each announcement to the public required by this Appendix by immediately (A) releasing each announcement to the press, (B) posting each such announcement on a bulletin board located at the Corporation's principal office in Washington, D.C., (C) making and maintaining copies thereof for interested members of the public and the staff. Upon the written request of any member of the public for notices of meetings of the Board of Directors, the Secretary will include the name and mailing address of any such member of the public on the mailing list maintained by the Corporation.

Section 5 - Open Meetings.

a. All meetings shall be conducted in accordance with the provisions of this Appendix. Except as provided in Section 6, every portion of every meeting shall be open to attendance by the public. Such attendance does not include participation, orally or otherwise, in discussions or any conduct or activity other than the opportunity to be present and persons who fail to honor this privilege as set forth will be removed from the meeting. No signs, placards, distribution of leaflets or similar conduct, or the use of cameras by the public will be permitted. The use of cameras by members of the press and the crews of television stations is permitted at the discretion of the Chairman. The use of electronic or other recording devices is permitted where it does not interfere with or disrupt the orderly conduct of the meeting.

b. Members of the Board of Directors shall not jointly conduct or dispose of the business of the Corporation other than in accordance with the provisions of this Appendix. This prohibition shall not apply to briefings for the Board held by

management when no final disposition of corporate business occurs.

c. The Secretary shall be responsible for seeing that adequate space, sufficient seating and adequate acoustics are provided for public attendance of meetings. If the space available for the public proves insufficient to accommodate all persons wishing to attend, the Board of Directors shall limit admission to representatives of those persons seeking admission to the meeting.

Section 6 - Closed Meetings.

a. The provisions of this Appendix shall not apply to any portion of a meeting in which the deliberations are likely to:

(1) disclose matters that are (A) specifically authorized under criteria established by an Executive Order to be kept secret in the interests of national defense or foreign policy and (B) in fact property classified pursuant to such Executive Order;

(2) relate solely to the internal personnel rules and practices of the Corporation;

(3) disclose matters specifically exempted from disclosure by statute (other than 5 U.S.C. § 552): provided, that such statute (A) requires that the matters be withheld from the public in such a manner as to leave no discretion on the issue, or (B) establishes particular criteria for withholding or refers to particular types of matters to be withheld;

(4) disclose trade secrets and commercial or financial information;

(5) involve accusing any person of a crime, or formally censuring any person;

(6) disclose information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;

(7) disclose investigatory records compiled for law enforcement purposes, or information which if written would

be contained in such records, but only to the extent that the production of such records or information would (A) interfere with enforcement proceedings, (B) deprive a person of a right to a fair trial or an impartial adjudication, (C) constitute an unwarranted invasion of personal privacy, (D) disclose the identity of a confidential source and, in the case of a record compiled by a criminal law enforcement authority in the course of a criminal investigation, confidential information furnished only by the confidential source, (E) disclose investigative techniques and procedures, or (F) endanger the life or physical safety of law enforcement personnel;

(8) disclose information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions;

(9) disclose information the premature disclosure of which would be likely to significantly frustrate implementation of a proposed action by the Corporation, except in any instance where the Corporation has already disclosed to the public the content or nature of its proposed action, or where the Corporation is required by law to make such disclosure on its own initiative prior to taking final corporate action on such proposal; or

(10) specifically concern the Corporation's participation in a civil action or proceeding, an action in a foreign court or international tribunal, or an arbitration.

b. Whenever any person whose interest may be directly affected by a portion of a meeting requests that the Board of Directors close such portion to the public for any of the reasons referred to in subparagraphs (5), (6), or (7) of paragraph a. of this Section, the Board of Directors, upon the request of one of its members, shall vote whether to close such meeting.

c. Subject to the requirements of this Section, any meeting in progress may be closed forthwith and members of the public in attendance required to leave if the discussion begins to involve a matter exempted under subparagraphs (1) through (10) of paragraph a. of this Section.

PLAINTIFF'S EXHIBIT 122

[LETTERHEAD OF METROPOLITAN TRANSPORTATION AUTHORITY]

August 25, 1988

National Railroad Passenger Corporation
400 North Capitol Street, N.W.
Washington, D.C. 20001

Re: Letter Agreement—
Ventilation Enclosure Modification

Dear Sir/Madam:

The undersigned, a New York public benefit corporation (the "MTA"), may construct and operate a development (the "Development") in the air-rights over the John D. Caemmerer West Side Yard (the "Yard"), which is located between 10th and 12th Avenues and West 30th and 33rd Streets in the Borough of New York, State of New York, and is used by the Long Island Rail Road Company, a subsidiary of the MTA (the "LIRR"). The Development may also include the property located between 11th and 12th Avenues and West 33rd and 34th Streets (the "Swing Block"), which property is currently owned by the New York Convention Center Development Corporation (the "Convention Center").

Pursuant to an Easement Agreement (the "Easement Agreement") to be entered into between the Convention Center and you ("Amtrak"), the Convention Center will grant to Amtrak certain rights to occupy the Convention Center property described therein for purposes of, among other things, construction of a railroad tunnel (the "Tunnel"). In connection with the construction of the Tunnel, Amtrak intends to construct a ventilation enclosure (the "Ventilation Enclosure") and fire escapes under a portion of West 33rd Street and, if necessary, a portion of the Westerly Easement granted under the Easement Agreement. The Ventilation

Enclosure, as currently planned by Amtrak, will vent the tunnel exhaust in a southward direction above the Yard. Until such time as an Implementation Notice (as hereinafter defined) is delivered to Amtrak, the location and direction of venting of the Ventilation Enclosure is consented to by MTA.

The proposed plan for the Development calls for the construction of a platform (the "Platform") over the Yard at approximately the level of the current West 33rd Street viaduct. As a result, the Yard will be enclosed and, without modification, the Ventilation Enclosure would vent the tunnel exhaust into the enclosed Yard. The MTA and Amtrak desire to enter into an agreement whereby the Ventilation Enclosure would be modified to provide for venting the exhaust through a chimney duct or other appropriate structure.

For good and valuable consideration, receipt of which is hereby acknowledged, Amtrak agrees with MTA as follows:

1. If the MTA, in its sole but reasonable discretion, determines that in connection with the construction of the Development, the Ventilation Enclosure, including the equipment which is part thereof, must be modified, added to, or retrofitted (such modification, addition and retrofit are hereinafter collectively referred to as the "Modification") so as to vent the exhaust therefrom to a point above the Platform or in such other manner as may be required hereunder, it shall notify (the "Implementation Notice") Amtrak of such determination no later than six (6) months prior to the date on which Amtrak shall be required to commence the construction of the Modification pursuant to Section 6 below.

2. Upon receipt of the Implementation Notice, Amtrak shall consult with the MTA, or its designee, to determine the design of the Modification, which design shall be subject to the following terms and conditions:

(a) Amtrak shall have the right to attach any chimney duct portion of the Modification to, and to support it from, the Platform or other structural components of the Development;

(b) the MTA, at no cost to Amtrak, shall provide to Amtrak an easement or other right to occupy sufficient space in and through that portion of the Yard, the Platform and the space above and below the Platform which, in MTA's sole but reasonable discretion and in the context of the design of the Development, the design of the Modification, and the requirements of the LIRR referred to in Section 2(d) below, provides a reasonably direct route for the chimney duct or related structure;

(c) MTA acknowledges (i) that it has received a letter dated August 17, 1988 from Parsons Brinckerhoff Quade & Douglas (the "Parsons Letter"), a copy of which is attached as Exhibit 1 hereto, and (ii) that, in the context of the plans for the Development as they exist on the date of this letter agreement but without any acknowledgement with respect to any changes to the plans for the Development in the future, the plans shown as Option A and Option B in Exhibit B to the Parsons Letter would provide a reasonably direct route for the chimney duct or related structure for purposes of Section 2(b) hereof;

(d) the design, in the opinion of the Chief Engineer of the LIRR, shall not be determined to be unsafe to LIRR's operations in the Yard or to the Development and/or its structural components;

(e) the design shall not, in the reasonable opinion of MTA, reduce or have an adverse affect on the utility, value or architectural integrity of the Development to any greater degree than the designs for the Modification set forth in the Parsons Letter reduce or have an adverse affect on the utility, value or architectural integrity of the Development as planned on the date of this letter agreement; and

(f) the design shall meet all applicable regulations and requirements of governmental agencies and authorities having jurisdiction in connection therewith (assuming, for such purposes, that, unless the MTA or its affiliates

have actually obtained exemption from or affirmatively overridden such regulations and requirements, neither the MTA nor any of its affiliates are exempt from, or have the power to override, such regulations and requirements), including, without limitation, building, fire, noise or related codes and regulations as applied at the time of construction of the Modification and in the context of the constructed and proposed elements of the Development.

3. (a) If, at the time a design for the Modification must be approved under Section 2 hereof, such design (i) conforms in all material respects to Option A or Option B in Exhibit B to the Parsons Letter, (ii) meets reasonably prudent design standards, and (iii) complies with the terms and conditions of Section 2 above, such design is acceptable to MTA.

(b) Notwithstanding any provision of this letter agreement to the contrary, if a design for the Modification which meets the terms and conditions of Section 2 hereof is impossible from an engineering perspective, Amtrak, at its own cost and expense and regardless of amount, shall take all actions that are necessary to otherwise vent the Tunnel in such a manner that it will not impair the Development in any material respect, including, without limitation, the right of MTA to construct or cause to be constructed residential or hotel units in the vicinity of the Ventilation Enclosure or any relocated or reconfigured ventilation facility.

(c) Notwithstanding any provision of this letter agreement to the contrary, in no event shall Amtrak be required to expend funds to cause the Modification to meet noise code regulations more stringent than the most stringent of those applicable to (i) hotel units, (ii) residential units or (iii) any other use which is required to be sited in the vicinity of the Ventilation Enclosure by the City of New York as a condition to or in connection with rezoning of the site of, or approval of a building or special permit for, the Development.

4. No later than three (3) months following receipt of the Implementation Notice, Amtrak shall deliver to the MTA, or its designee, five (5) sets of preliminary detail drawings, outline specifications and, to the extent available, schedules (collectively the "Preliminary Design Documents") for the construction of the Modification. The MTA, or its designee, shall approve or disapprove with specific comments noted on the Preliminary Design Documents within thirty (30) calendar days of receipt. If the Preliminary Design Documents are disapproved, Amtrak shall submit to the MTA, or its designee, five (5) sets of revisions to the Preliminary Design Documents ("Progress Design Documents") no later than thirty (30) calendar days following its receipt of the disapproved Preliminary Design Documents. The MTA, or its designee, and Amtrak shall agree on an acceptable design not later than thirty (30) calendar days following receipt of the Progress Design Documents by the MTA, or its designee. Amtrak shall submit five (5) sets of final working drawings and specifications and schedules to the MTA Developer not later than thirty (30) calendar days following agreement on the final design. The review and approval of the design of the Modification shall be subject to the terms and conditions set forth in Section 2 above and the design shall be approved if it satisfies those terms and conditions and meets reasonably prudent design standards.

5. As soon as practicable after the Implementation Notice is received, the MTA, or its designee, and Amtrak shall agree on terms relating to (a) conditions for commencement of construction of the Modification, (b) access rights, (c) insurance and indemnification requirements, (d) scheduling, (e) the liquidated damages amount and terms referred to in Section 6(b) hereof, and (f) related matters, all of which shall be customary and reasonable.

6. Amtrak shall cause the construction of the Modification (a) to commence as soon as practicable following agreement on the final design and (b) to be expeditiously pursued to

completion. During such construction, the MTA shall, upon the request of Amtrak received no later than four (4) weeks prior to the initial outage date, cause the LIRR to take Track No. 30 at the Yard out of service for one consecutive period not to exceed four (4) weeks in duration. As part of the agreement on terms contemplated by Section 5 hereof, Amtrak shall agree to cause its contractor for the Modification to agree to a liquidated damages provision in favor of the LIRR and in an amount which LIRR determines to be reasonable in the event that Track No. 30 is required to be out of service for a period in excess of four (4) weeks. Amtrak, at its own cost and expense, shall, upon completion of construction of the Modification, restore all LIRR property to the condition such property was in immediately prior to commencement of construction of the Modification. Amtrak shall reimburse the LIRR for all reasonable LIRR costs for railroad protective services, field engineer and transportation supervision and design document review in connection with construction of the Modification.

7. Amtrak shall pay the entire cost and expense of the design, construction and maintenance of, and materials for, the Modification, provided, however, that Amtrak shall not be responsible for and shall have no obligation with respect to any costs and expenses relating to (a) the Platform or other structural components of the Development or any temporary supporting structure that may be required if the Platform in the vicinity of the Ventilation Enclosure has not been completed at the time of construction of the Modification, (b) the easement or other rights referred to in subsections 2(a) and (b) hereof, or (c) the removal from service of Track No. 30 at the Yard referred to in Section 6 hereof, except that the obligation referred to in the last sentence of Section 6 shall not be affected by the terms of this Section 7. Provided that (i) an alternative to all or a portion of MTA's design for the Development has been presented to MTA in writing by Amtrak, (ii) such alternative is satisfactory in all respects to MTA, including, without limitation, that such alternative is no

more expensive and, in the reasonable opinion of MTA, does not reduce or adversely affect the utility, value or architectural integrity of the Development, and (iii) such alternative otherwise conforms to all requirements imposed by the City of New York, including, without limitation, the terms, conditions and requirements of any zoning and/or building or special permit relating to the Development, MTA agrees that in designing and constructing the Development it shall take no action which would increase Amtrak's costs for the design, construction and/or maintenance of the Modification.

8. Amtrak and MTA agree to cooperate with each other and to cause their respective agents and contractors to cooperate with reasonable requests of representatives of the other party to the fullest extent practicable (including, without limitation, requests for design and construction drawings with respect to those portions of the Development affecting the Ventilation Enclosure and the Modification), so that the design and construction of the Modification may be completed in an orderly, timely and efficient manner.

9. If Amtrak shall fail to perform its obligations under this letter agreement, MTA shall have the right to perform on behalf of Amtrak, including the right, to the extent necessary, to enter and modify the Ventilation Enclosure; provided, however, that in exercising such right, MTA shall perform in a manner which minimizes any adverse effect on rail operations in the Tunnel. If MTA exercises such right, Amtrak shall reimburse MTA for all of MTA's costs and expenses in connection with the performance of Amtrak's obligations hereunder including, without limitation, any costs and expenses relating to performance intended to minimize any adverse effect on rail operations in the Tunnel.

10. Any dispute, claim, or controversy ("Dispute") between the parties hereto relating to the interpretation, application, or implementation of this letter agreement shall be submitted to binding arbitration in the following manner:

(a) Prior to initiating arbitration, the party wishing to initiate arbitration (the "Initiating Party") shall have one of its senior officers discuss the Dispute with one of the senior officers of the other party in an effort to resolve the Dispute;

(b) If the Dispute is not resolved pursuant to paragraph 10(a) above, the Initiating Party shall notify the other party in writing of its desire to submit the Dispute to arbitration. Such notice shall contain a statement of the issues to be arbitrated and shall designate an individual to serve as its party-appointed arbitrator on behalf of the Initiating Party.

(c) Within fifteen (15) calendar days after receipt of such notice, the other party shall respond in writing by designating an individual to serve as its party-appointed arbitrator. If such designation does not occur within fifteen (15) calendar days, the Initiating Party may request that the American Arbitration Association appoint the second party-appointed arbitrator subject to the limitations on acceptable candidates set forth in paragraph 10(d) below.

(d) Within fifteen (15) calendar days of the designation of the second party-appointed arbitrator, the two party-appointed arbitrators shall appoint a third arbitrator who shall serve as chairman of the arbitration panel. If the two party-appointed arbitrators fail to appoint a third arbitrator within the time provided herein, then either party, on behalf of both and after notice to the other, may request such appointment by the American Arbitration Association in accordance with its then prevailing rules for commercial arbitration. The American Arbitration Association shall appoint, from among those candidates on its National Panel who are attorneys, a third arbitrator who shall have no prior relationship to commuter, intercity passenger, or freight railroads or to either Amtrak, MTA, LIRR, the Convention

Center or any parties involved in the Development, provided, however, that any of the criteria stated in the first part of this sentence may be waived as to any arbitration proceeding hereunder if both parties agree.

(e) The arbitrators shall promptly hear and decide the Dispute submitted to them, in accordance with the rules for commercial arbitration of the American Arbitration Association, as such rules may be modified or supplemented by decision of the arbitrators. The arbitrators shall determine the situs of the arbitration and shall give to both parties reasonable notice of the time and place for filing written submissions and for hearings, if any.

(f) The arbitrators, or a majority of them, shall promptly render their decision and award in writing to the parties, and their decision shall include an explanation of their resolution of all substantial issues before them.

(g) Any arbitration decision rendered hereunder shall be final and binding upon the parties; provided, however, that judicial review may be sought in a court of competent jurisdiction to determine (i) whether the award was procured by corruption, fraud, or undue means; (ii) whether there was evident partiality in the third arbitrator or corruption in any of the arbitrators; (iii) whether the arbitrators were guilty of any other misbehavior by which the rights of either party have been prejudiced; or (iv) whether the arbitrators exceeded their powers, or so imperfectly executed them that a final and definitive award upon the Dispute was not made. Judgment upon any arbitration award may be entered in any court having jurisdiction over the parties. The parties hereto agree that, in the event a judicial proceeding is instituted to review any arbitration award, interest on such award, as provided by paragraph 10(h) below shall, unless the award is not confirmed, continue to accrue during the pendency of such judicial proceeding until such time as

a final decision is rendered and any payment required by the award has been made.

(h) Any decision of the arbitrators, or of any court of competent jurisdiction which reviews such arbitrators' decision requiring one party to pay money to the other shall be accompanied by an award of interest, computed at the lesser of the applicable usury rate, if any, or the prime rate for preferred commercial borrowers at Chase Manhattan Bank, N.A. prevailing as of the date of the award. In the case of an award pertaining to a payment obligation of one of the parties hereto, interest shall accrue from the date the obligation to pay the money first arose. In the case of an award pertaining to any other obligation as to which damages are awarded, interest shall accrue from the date such party breached the obligation, all as determined by the arbitrators.

(i) Each party shall bear its own cost of arbitration, and the party against whom an award is made shall in addition bear the cost of the third arbitrator unless the award is vacated, in which event the unsuccessful party shall bear such costs.

(j) Each party shall make every reasonable effort to obtain the prompt resolution of Disputes which are submitted to arbitration pursuant to this Agreement. The parties specifically agree that neither party shall delay the arbitration process significantly by insisting on the application of extensive procedural steps or other actions which cannot clearly be expected to improve the ability of the arbitrators to render a reasonable and fair decision.

* * *

Please indicate your agreement to the above terms and conditions by executing and returning the enclosed counterparts of this letter agreement.

METROPOLITAN TRANSPORTATION AUTHORITY

By: /s/ [ILLEGIBLE]
Title: Executive Director

AGREED AND ACCEPTED:
NATIONAL RAILROAD PASSENGER CORPORATION

By: /s/ [ILLEGIBLE]
Title: Executive Vice President & Chief Operating Officer
Date: August 26, 1988

CONTRACT FOR: RAIL ADVERTISING (CAR CARDS, POSTERS, TIMETABLES, DIORAMAS, EXHIBITS, ETC.)

[X] NEW [ ] RENEWAL

FROM
Michael A Lebron
36 Cooper Square
Suite 7?
New York, NY 10003
(212) 477-0748

CONTRACT NO.

DATE July 31, 1992

BRAND NAME/PRODUCT(s)

SALESPERSON: NAME Bill Schwartz

NUMBER #318

TO
[LOGO OF TDI TRANSPORTATION DISPLAYS INCORPORTATED]

SHIPPING ADDRESS
TDI
49-29 Maspeth Avenue
Maspeth, NY 11388

SHIPPING QUANTITY

STATE AND MARKET	SIZE SHOWING	NO. OF DISPLAYS	TYPE OF DISPLAY	SIZE (HEIGHT & WIDTH)	STARTING DATE	NO. OF MONTHS	COST PER MONTH
Penn Station Spectacular		1	Spectacular	10'3"x 102'10"	1/1/93	2	$18,500 gross maintenance - $2,200. net

SCHEDULE

YEAR

DATES ORDERED	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
1993	x	x										

SPECIAL INSTRUCTIONS

THIS IS YOUR AUTHORITY TO DISPLAY AND MAINTAIN THE SHOWING SPECIFIED ABOVE IN ACCORDANCE WITH THE CONDITIONS ON THE REVERSE SIDE OF THIS CONTRACT.

ACCEPTED AND AGREED TO BY—TRANSPORTATION DISPLAYS INCORPORATED ADVERTISER/AGENT

BY /s/ [ILLEGIBLE] **DATE** 11/30/92
CONTRACT FOR RAIL ADVERTISING

X /s/ [ILLEGIBLE]
PLEASE PRINT x MICHAEL A. LEBRON
Name—Title

DEFENDANTS' EXHIBIT H

TERMS AND CONDITIONS

I. TERMS OF PAYMENT

a. Bills will be rendered monthly in advance dating from commencement date of contract and Advertiser agrees to make payment not in advance upon receipt of bills. Default shall be deemed to occur whenever any monthly bills shall be unpaid for Thirty (30) days.

b. TDI reserves the rights, at any time upon default by advertiser in the payment of bills at its sole option either (1) to consider that the entire total balance of payments to be made under this contract shall be accelerated and become immediately due and payable; or (2) to cancel this contract and to require immediate payment of the balance due, including the addition of the applicable short term rate. Advertiser agreed to pay forthwith the amount determined to be due TDI in accordance with either of the above options and to reimburse TDI for any expense that it may incur in the collection of said amount, provided the amount so reimbursed shall not exceed 20% of the unpaid balance of the contract.

c. Payments are subject to late payment charge of one and one-half percent (1.5%) per month (18% per annum), or such lesser amount as permitted by law. Such charge will be added to billed amounts that are 30 days late. This shall also apply to balances under I-b. above.

II. RATES

a. Annual rates are applicable only to contracts for display periods of twelve consecutive months. Additional percentages are charged for shorter terms that may be specified in this contract, or in any renewal or curtailment thereof.

b. All rates and adjustments are computed on the basis of thirty days to the month.

c. Unless otherwise specified on the face hereof, all rates are for use of space only, and do not include cost of designing, producing or delivering display material.

d. Unless otherwise specified on the face hereof, service charges will be made for all changes in display material after initial placement of showing required under this contract except that advertiser agrees to assume all expense in connection with initial installation as well as subsequent changes of display material required under all contracts for exhibits and TDI Islands.

e. Unless otherwise specified on the face hereof, rate indicated in this contract is not subject to advertising agency commission.

III. ADVERTISING MATERIAL

a. All advertising copy is subject to approval of TDI and the Transportation Facility concerned as to character, text, illustration, design and operation.

b. Advertiser will be responsible for preparation and delivery of display material to designated TDI service points without expense to TDI at least the required minimum time before date of commencement of contract or desired date of change. If Advertiser's material is not received by the required date, TDI is hereby authorized at its sole option to leave vacant or to use substitute copy in spaces allocated to Advertiser under this contract and advertiser agrees that he will pay for such use of the spaces.

c. TDI is hereby authorized to remove and to leave vacant or to use substitute copy for any display material which may be defaced, damaged or otherwise become deteriorated and for which Advertiser has failed to provide replacements, without liability or expense to TDI. It is hereby agreed that non-use of space arising from Advertiser's failure to provide such replacement will not relieve Advertiser from obligation to pay for such space.

d. Advertiser agrees to prepare and deliver required art work and copy or plates for TDI publication to TDI's New York office at least the required minimum number of days prior to date of intended publication. If copy is not so received, TDI is hereby authorized to repeat advertiser's previous advertisements or to publish the Advertiser's name, business and address in the space covered by this contract, and advertiser agrees to pay for such use of space.

e. Advertiser will reimburse TDI for expertise of providing any required art work, plates production or delivery charges not supplied by Advertiser.

f. Advertiser agrees to call for and remove all advertising or display material immediately after period of its display and further agrees that without liability, TDI is authorized to remove and dispose of any such material that is not so called for.

IV. CANCELLATION

a. Unless otherwise specified on the face hereof and except for V. below, this contract is not subject to cancellation by Advertiser and may not be assigned by Advertiser without written consent from TDI.

b. If for any cause beyond its control TDI shall cease to have the right to continue the advertising covered by this contract, [or if the Transportation Facility concerned should deem such advertising objectionable for any reason,] TDI shall have the right to terminate the contract and discontinue the service without notice.

c. Loss of service as result of strikes, fire or any other cause beyond the control of TDI shall not constitute a breach of contract but TDI shall have the option of terminating the contract or of providing pro-rata refund or an equivalent extension of term of service.

V. ADVERTISING RATE POLICY

a. All contract advertisers will receive ninety (90) days advance notification of any change in advertising rates. Advertiser may terminate as of the effective rate change date by notification at least thirty (30) days prior thereto.

VI. GENERAL

a. Advertiser agrees to indemnify and save harmless TDI and the Transportation Facility concerned against any liability to which that may be subjected by reason of the advertising required under this contract.

b. TDI agrees to maintain all display in firstclass condition provided that Advertiser, without expense to TDI supplies replacements for any damaged or defaced display material and provides for the replacement and installation of any defective parts or mechanisms.

c. Without assuming any liability for property damage, TDI and the Transportation Facility concerned will provide the same police surveillance and protection to advertiser's material as is normally given to other property on the premises.

d. This contract becomes effective when accepted and executed by TDI in New York City, and contains the full agreement of the parties, and no representation or assurance, verbal or written other than that written herein and on the face hereof or by separate agreement over the signature of an officer of TDI, shall affect or alter the obligation of either party hereto.

e. As used in this Agreement the term Advertiser shall include Advertising Agency or any other agent or licensee of Advertiser as well as the Advertiser.

f. TDI is an equal opportunity employer.

DEFENDANTS' EXHIBIT K

TOWARDS SELF-SUFFICIENCY
IN THE YEAR 2000

[LETTERHEAD OF AMTRAK]

NATIONAL RAILROAD PASSENGER CORPORATION
JUNE 1, 1991

SECTION I.

AMTRAK'S SELF-SUFFICIENCY GOAL

Amtrak is a private corporation created by Congress in 1970 to reverse the decline in intercity rail passenger service that nearly resulted in its complete elimination in the preceding decade. Over the next twenty years, with much financial help from the federal government, Amtrak rebuilt or replaced much of the equipment and facilities that it inherited from predecessor railroads. Since 1971, the company has doubled passenger miles and improved its revenue-to-expense ratio by 50 percent. The corporation intends to continue that performance through the 1990s to completely eliminate its federal operating subsidy by the year 2000.

Although Congress has never statutorily directed Amtrak to reach full operational self-sufficiency, it has encouraged the company to operate in as cost-effective manner as possible and make its decisions as if it were profit oriented. Amtrak believes that the corporation must go further and strive to achieve operational self-sufficiency (and eventual full self-sufficiency).

Recently, there have been a number of indications that Amtrak may get more support from the federal government that it did in the 1980s. In the past year, Amtrak was given its first free-standing authorization in over a decade and appropriated significant capital for equipment. In addition, Congress provided $125 million in Northeast Corridor Improvement Project funds primarily to begin the New York-Boston improvements that will permit high-speed service. For the first time in seven years, the Administration recommended some funding for Amtrak in its FY92 Budget.

Amtrak wishes to become fully self-supporting as soon as possible. The corporation's goal to eliminate its federal operating subsidy by the year 2000 was adopted after much thought and review of trends and accomplishments experienced in the 1980s. The full benefit of the intercity passenger rail mode as a method of relieving congestion and improving

the environment cannot be achieved without significant expansion of the Amtrak system. In the current economic environment, however, Amtrak does not believe that the federal government can afford to support major expansion before Amtrak operations are self-sustaining. Overall self-sufficiency would then permit the use of net operating profits from established routes to pay initial losses on expanded service. Amtrak, therefore, views operating self-sufficiency as the next step in a long-range program to develop the full potential of the intercity rail passenger mode and to contribute to the ultimate objective of full profitability. This is consistent with the National Transportation Policy in that it relies less and less on the federal government for support.

Once Amtrak operations are self-sustaining, it may often be less expensive for the federal government to expand the intercity rail system than to provide equivalent capacity in air or highway modes. With a lower capital outlay to provide rail capacity than equivalent capacity in other modes, and no need to subsidize operations, Amtrak can play a major role in balancing the national transportation system and providing an energy-efficient, environmentally-benign alternative to congested airports and highways. It may also be more practical in many cases to provide more rail transportation than it would be to expand highway or airport capacity.

The attainment of operating self-sufficiency will not come without costs. Work rules must be modernized to use the labor force more effectively. New routes that will result in operating losses cannot be established before self-sufficiency is achieved unless states share the costs.

Nonetheless, self-sufficiency is the necessary precondition for expansion, and expansion will produce benefits for several groups. For labor and management employees, cost-effective expansion of the Amtrak system offers the best hope for long-term job security and increased employment. For federal, state and local governments, Amtrak will often offer the most cost effective and achievable intercity transportation improvements. And, because self-sufficiency will be achievable only

if Amtrak provides the highest quality of service to attract passengers, Amtrak's customers, who are also taxpayers, will benefit by receiving the best transportation value for their money.

SECTION II.

PLAN DEVELOPMENT

Amtrak's plan for achieving self-sufficiency is an extension of and addition to the programs and strategies that were successfully employed in the 1980s. Throughout the last decade, Amtrak aggressively marketed an improved product leading to consistent revenue gains that outpaced inflationary and other cost increases. These combined efforts narrowed the gap between expenses and revenues and led to the improvement in the revenue-to-expense ratio.

The planning for and implementation of Amtrak's self-sufficiency goal is a dynamic process. It began rigorously about one and one half years ago with discussions of specific programs and grant reduction estimates involving more than three dozen ideas to reduce the operating subsidy. These were reviewed by top management and responsibility for each program was specifically established at the company's highest levels.

These programs were then incorporated for implementation in Amtrak's detailed annual business plan for Fiscal Year 1991. Recognizing the preliminary nature of the early estimates, the responsible department for each program was tasked to submit confirming capital cost and grant reduction forecasts. This report to Congress is based upon that information as well as a review of all programs by top management in May 1991.

Planning is an ongoing process at Amtrak where it follows an annual cycle leading to a new business plan, operating budget and capital program on October 1 of each fiscal year. New information is continually being collected and incorporated in this planning process, leading to recurring refine-

ment of plans as we learn more about the future. Experience is a good teacher. Attempts to implement new programs occasionally prove to be impractical and require the company to revise its outlook. In addition, new ideas are always being sought to expand the FY2000 "margin of safety" and to offset the effects of programs that are not fully achieved. This is what is meant by dynamic.

Consequently, management does not expect that each of the programs now being pursued will ultimately result in exactly the amount of benefit at exactly the capital cost predicted. Amtrak does expect, however, that the sum of revenue gains and cost containment will remain on track through the year 2000 as a result of this ongoing review and planning process.

SECTION III.

MAJOR ASSUMPTIONS

Amtrak plans to achieve operational self-sufficiency by continuing the successful strategies it pursued in the 1980s. This means continuing aggressive marketing and innovation to prompt revenues to grow at an average rate of 3-4 percent per year more than the rate of increase in expenses. It is not expected that expenses will be reduced. Like the 1980s, it is expected that they will go up modestly as a result of inflation (partially offset by productivity gains) and targeted budget increases necessary to support generation of new revenue.

The programs being added to present methods are intended to ensure the goal is met. While Amtrak is confident that the sum total of new and existing programs, together with ongoing efforts to refine and improve the plan, will result in operating self-sufficiency by FY2000, there are several critical factors beyond Amtrak's control. Since the corporation cannot control them, we need to make some reasonable assumptions about them.

First, Amtrak assumes that, by and large, the economy of the 1990s will be favorable with relatively low unemployment and modest but consistent growth in real personal income.

Amtrak's experience in the 1980s has shown that a program of revenue growth and cost containment (not reduction) is the most feasible path to self-sufficiency. Revenue growth, of course, implies a healthy economy to provide passengers and revenue. Therefore, we must assume that there will be strong demand for good service if the corporation provides it.

Second, Amtrak assumes that there will be substantial and consistent year-to-year capital grant assistance. Despite continual improvement in Amtrak's financial operating performance, the 1980s were years of capital deprivation. Federal capital assistance averaged just $26.9 million per year between FY83 and FY89. New capital grants were only about 17 percent of Amtrak's depreciation. This means that the intercity rail passenger asset base has been severely depleted. The company needs to catch up on these deferred programs and implement some new ones that will contribute to self-sufficiency. While we have resorted to private financing for recent purchases of 104 Horizon Fleet cars, 140 Superliners and 52 locomotives, Amtrak is reaching the limit of what can be financed and still reach self-sufficiency. Therefore, a key assumption underlying Amtrak's goal is the availability of significant capital for equipment acquisition and plant modernization.

Third, we assume that no major new deficit-producing routes will be added. While we will continue to modify and enhance Amtrak's route structure, the additions will be relatively small and incremental, aimed at increasing revenue or improving quality of service. A major new route, with Amtrak expected to absorb multi-million dollar operating losses, would constitute a major setback to the self-sufficiency program.

The final assumption is that Congress will enact Amtrak's legislative proposals to make its costs correctly reflect the requirements of intercity passenger train service. Amtrak seeks relief from the Federal Employers Liability Act and certain tort claims costs that constitute a direct pass-through of expense to the federal government. These proposals, which

will remove $34 million of expenses from Amtrak's books, are detailed more completely in Amtrak's annual legislative report to Congress.

SECTION IV.

OPERATING AND FINANCIAL HISTORY

Amtrak has made great strides in its operating and financial performance since its inception in 1971. Total revenues have increased from $163 million in FY72 to $1.308 billion in FY90. During this period, passenger miles doubled from 3.0 billion to 6.1 billion on the strength of ridership which has increased from 16.6 million passengers to 22.2 million passengers. Average trip length improved from 181 miles to 275 miles during this period. Amtrak also carried 18 million commuter passengers in its contract operations.

On the expense side, total expenses have increased from $310 million in FY72 to $2.012 billion in FY90. Annual train miles operated in FY90 were 33 million miles versus just 26 million miles in FY72. Amtrak system route miles have remained stable at 24,000 miles for the past several years increasing from a low of 22,000 miles in 1972 to a high of 27,000 route miles in 1979 before the route restructuring mandated by Congress. Amtrak now serves 516 stations in 44 states plus the District of Columbia and two Canadian provinces versus 440 stations and 43 states and the District of Columbia served in FY72. In June of this year, Wyoming will become the 45th state when it rejoins the Amtrak system.

In 1972, Amtrak directly employed 1,522 people. Amtrak gradually took over direct responsibility for ticketing, stations, terminal functions, on-board staffing and train and engine crews and today employs over 24,000 people. Assuming direct responsibility at all levels of operations has enabled Amtrak to become more efficient and offer a train service that is consistent throughout the system.

Through efforts with other organizations, Amtrak has been able to increase its revenues. In FY72, revenue from mail

contracts with the United States Postal Service totaled $2.2 million. Amtrak has aggressively pursued new mail contracts and now owns a fleet of mail handling cars to serve its needs. Mail, baggage and express revenues have grown to $38.4 million in FY90 and are projected to increase to $48 million in FY91.

Commuter revenues, from contract commuter operations which Amtrak operates and from fees charged to commuter agencies for access over Amtrak's lines, have grown significantly. In FY90, revenue from contract commuter operations reached $90 million while access fees were nearly $75 million for a combined contribution of $165 million. In the next several years, commuter revenues are expected to grow to $200 million. Ridership for contract commuter operations, which was only 231,000 in FY83 when the state of Maryland service commenced, jumped to over 10 million riders in 1987 with the addition of the Massachusetts Bay Transportation Authority, and has reached 18 million in FY90 with the addition of the Shore Line East service for the state of Connecticut between New Haven and Old Saybrook, and commuter service between Orange County, California and Los Angeles. Service is also expected to begin in FY92 under contract with Virginia Railway Express between communities in Northern Virginia and Washington, D.C.

State-supported 403(b) services have grown considerably since 1972 when only three states were in the program and subsidized three round trips. Today 9 states participate in the 403(b) program, subsidizing 57 trains which operate over 16 different routes, and are expected to contribute $15.8 million in revenue in FY91.

Amtrak's revenue-to-expense ratio has increased dramatically in the last decade. In FY72, the ratio stood at 0.53 but dropped to a low of 0.42 in FY76 with the takeover of the Northeast Corridor. The final FY90 revenue-to-expense ratio was 0.72 and if the recent changes for accounting for excess RRTA and RUIA payments are taken into account, the FY90

ratio would have been 0.77. The goal for the current year is for a ratio of 0.80.

In FY73, systemwide on-time performance reached a low of only 60.2 percent. As new equipment was purchased and relations with the contracting railroads improved, on-time performance peaked at 82 percent in FY83. However, in the mid 1980s on-time performance began to decline as record growth in Amtrak ridership and the pressure on an overworked equipment fleet took its toll. Years of limited capital funding had deprived Amtrak of the number of cars and locomotives needed to provide quality service. On-time performance and the serviceability of equipment suffered and by FY88 on-time performance had declined to 71 percent. Amtrak implemented changes in equipment maintenance and on-time performance has rebounded to its current level of 76 percent in FY90.

In the Northeast Corridor, where Amtrak owns most of the trackage and thus has more direct control over train movements, total on-time performance reached 87.4 percent in FY90 with Metroliner Service trains arriving 91.4 percent on-time. The continued reliability of these trains, particularly the Metroliner Service, is critical for attracting passengers who might otherwise fly or drive.

During the 1980s, a greater emphasis was placed on improving safety. Amtrak was ranked last among all Class I railroads in safety in 1986, but by 1988 was named the winner of the "Most Improved Award." In 1989, Amtrak won the Silver Medal for second place in the E.H. Harriman Safety competition and improved its safety ratio still further in 1990 and received the Bronze Medal. (Another railroad improved its record for the year faster than Amtrak.)

Amtrak's Safety Training Observation Program (STOP), which was implemented systemwide during FY87 and FY88, played an important role in this improvement. Safety teams established at a number of facilities, consisting of both management and agreement-covered employees, work to identify potential safety concerns before accidents happen and to analyze accidents that do happen to prevent their recurrence.

Another important contribution to safety, for employees and passengers alike, has been the start of operation Red Block, a joint labor-management program, which seeks to educate employees about the dangers of drug and alcohol abuse.

These past twenty years have seen Amtrak make great strides in all areas of its financial and operating performance. Continued improvements can be expected in the future in these areas as Amtrak strives for operating self-sufficiency.

SECTION V.

MAJOR STRATEGIES

Amtrak's experience over the last twenty years has provided some valuable lessons in what does and does not work in improving its operating and financial performance. This experience has led the corporation to adopt several broad strategies that guide the formation and implementation of specific self-sufficiency programs.

Our experience shows that it is far more effective to pursue revenue growth while controlling costs in preference to cost reduction as a basic economic strategy. A passenger railroad is largely a fixed cost operation. Even many of its variable costs do not respond proportionately to reductions in service. This means that service reductions cut more into revenue than expenses. Consequently, we have elected to pursue revenue growth while controlling costs, building more and more income on an essentially constant route system while improving the service offered. This is what was done so effectively in the eighties.

We also believe that it would not be desirable to pursue better financial performance at the expense of our employees. Amtrak needs a skilled and motivated workforce to provide the quality of service necessary to reach self-sufficiency. We do not seek wage reductions or deferrals. Our labor relations strategy will consist of the pursuit of **flexibility** in the duties of all employees to ensure maximum responsiveness to the

needs of the customer and in the provision of competitive benefits programs.

SECTION VI.

PROGRAM AREAS

Amtrak has added more than three dozen new programs to its ongoing efforts to eliminate its federal operating subsidy before the turn of the century. The new efforts fall into four broad categories and are somewhat interrelated within those categories. They will complement and enhance the marketing and operating programs that have been, and will continue to be, essential contributors to subsidy elimination. Aggregate benefits and specific programs within each of the categories are discussed in the following sections.

Equipment Replacement

High quality equipment is a very important attribute of customer pleasing rail passenger service. Amtrak still has more than 400 old cars inherited from predecessor railroads, some with almost half a century of service behind them. It is only a matter of time before these cars reach the end of their useful lives. It is imperative to replace them soon.

Fortunately, the fleet replacement program will produce significant operating grant savings as well. In addition, new equipment programs will provide some additional capacity for more customers, enhance productivity and optimize quality of service. These programs are expected to produce about $32 million in operating grant reduction as a result of increased revenues and reduced maintenance expenses. In addition, all new equipment will meet the accessibility requirements of the Americans with Disabilities Act and comply with the waste retention requirements imposed by the National Community Service Act of 1990.

This past April, Amtrak signed agreements to purchase 140 new Superliner cars. The Superliner is a proven product oper-

ated by Amtrak throughout the West for more than 10 years. The cars have higher capacity than single-level cars, allowing the corporation to carry more passengers and generate more revenue in established train-length limits. They also have the highest level of passenger acceptance due to the spacious interiors and excellent views of the scenery that they provide. These cars will replace equipment now in use on the Auto Train, Capitol Limited and City of New Orleans. The purchase will also permit Amtrak to add one sleeping car to each train in the West where demand for service consistently exceeds capacity.

Similarly, subject to the availability of sufficient capital in FY92, Amtrak plans to place an initial order for new design Viewliner cars for all long-distance routes in the East where overhead clearance restrictions preclude the use of double-deck Superliners. Like Superliners (albeit to a lesser degree), Viewliners offer higher passenger capacity per car and lower maintenance expense. Amtrak has had two sleeping cars and one diner undergoing a test program for about two years. These tests are nearly complete and will result in the issuance of a detailed specification for the new cars.

Amtrak also needs to replace its fleet of F40 diesel-electric locomotives that power nearly all trains outside the electrified zone of the Northeast Corridor. Amtrak first acquired F40 units in 1975. While they have been reliable performers, most will be approaching twenty years in service before FY2000. This is past the typical life expectancy of locomotives in main-line service. To make matters worse, Amtrak's passenger locomotives accumulate about double the mileage of freight locomotives of similar design. While the primary reason for replacing F40's is their age, the new locomotives will produce some operating expense reduction. First, they incorporate improved technology that reduces fuel consumption. They also incorporate a system of on-board diagnostics that will assist maintenance personnel in making repairs by automatically identifying defective components. Finally, they

have higher horsepower and will permit Amtrak to run longer trains without always needing to add more locomotives.

The company is exploring options for replacement of Turboliner equipment acquired in the middle 1970s and currently used on the Empire Service. While Turboliners offer top speeds of 110 miles per hour and an especially pleasing aesthetic appearance, they limit growth and inflate expenses. Turboliners are fixed consist trains and cannot be adjusted in size to the different levels of demand on different days of the week. The company is sometimes compelled to operate excess cars and at other times carry large numbers of standees. A flexible consist of coaches and diesel locomotives would be preferable to maximize customer satisfaction and revenue. In addition, Turboliners are unusually expensive to operate, requiring much more fuel than a diesel and more unique and expensive (often foreign) spare parts.

Northeast Corridor

Amtrak has a particularly important responsibility in the Northeast Corridor where it contributes more than anywhere else to the alleviation of congestion and improvement in the environment. The Northeast Corridor is the prototype for development of similar high-density, high-speed services that will increasingly be needed throughout the United States. Northeast Corridor trains operated by Amtrak cover all their operating costs and contribute a substantial operating surplus towards right-of-way maintenance and other fixed corporate expenses. Further improvements to the quality of service on the Corridor can increase this contribution and thereby further reduce Amtrak's need for federal operating subsidy.

During the 1970s, Amtrak and the Federal Railroad Administration rebuilt and re-equipped a great part of the Corridor. Substantial financial improvement followed that work but most of the benefit was on the south end. Nonetheless, the New York-Boston travel market is larger than the New York-Washington market. Amtrak estimates that

it could reduce its operating grant requirements by $74 million in FY2000 if the following improvements are completed.

Subject to the availability of capital, Amtrak plans to improve the north end of the corridor to produce a service much like the service on the south end. This would include all-reserved Metroliner Service trains running between Boston and New York in about three hours. The faster service would result from higher cruising speeds, better acceleration and elimination of an en route locomotive change, following the installation of an electric traction system between New Haven and Boston. Other necessary investments would include infrastructure enhancements between New Haven and New Rochelle on rail lines owned by Connecticut and New York. These improvements include replacement of the obsolete electric traction catenary system, bridge repairs and track improvements. This program is being evaluated in an independent study by the Transportation Systems Center of the U.S. Department of Transportation.

The current generation of Amfleet/AEM-7 Metroliner Service equipment is nearly twenty years old. A significantly more advanced generation of trains is now produced in Western Europe and Japan that is ahead of Amtrak in speed, ride quality and passenger comfort. Some of the Northeast Corridor, primarily south of New York, could sustain the 150 MPH top speeds these trains can produce compared to the 125 MPH service that Amtrak now achieves. This would require, in addition to new trains, some right-of-way improvements, such as a constant-tension catenary system. Also important to the customer is ride quality. Amtrak's Amfleet I cars used in Metroliner Service have suspension systems designed decades ago. Since then new systems have been perfected that would produce a much smoother ride for our passengers. Amtrak proposes to acquire these kinds of trains to replace the current Metroliner Service equipment which would be redeployed to other routes and services. Higher speed service would permit a greater share of the market and higher fares. The related revenue increases would be only partially offset by cost

increases for some added service, yielding significant operating subsidy savings.

Other programs to improve the Northeast Corridor include development of additional, more convenient parking facilities at existing stations. Amtrak also plans to somewhat reduce corridor operating expenses through completion of the Centralized Electrification and Traffic Control System, acquisition of more modern right-of-way maintenance equipment, and developing a system of remote control for drawbridges. Amtrak also is looking at options for reducing excess physical plant on the Harrisburg line.

Revenue Enhancement

Amtrak expects to eliminate about $111 million of operating grant requirement from new and expanded non-intercity rail business ventures. These ventures will be natural extensions of our basic rail transportation business, more fully utilizing Amtrak staff, expertise and assets.

An area of success in the past, and prime candidate for future expansion, is the operation of commuter rail service under contract with transit authorities and state and local governments. Amtrak already generates revenues of about $90 million providing this kind of service in Massachusetts, Rhode Island, Connecticut, Maryland and California. The company has also been designated as operator of the new Virginia Railway Express which is planned for implementation. Amtrak continues to pursue new contracts in Texas, Florida and three locations in California. Local authorities get the benefit of Amtrak's existing management infrastructure, operations and maintenance experience and labor agreements. Amtrak gets full cost recovery plus a significant contribution to offset fixed overhead expense.

Another area of emphasis is further development of the revenue stream earned from real estate. As a byproduct of the basic rail business, Amtrak owns substantial acreage and air rights, often in high value urban areas. Real estate contributed $31 million in revenue to Amtrak in FY90. The company

believes that it can increase this to about $100 million by the year 2000 focusing on its properties in New York, Pennsylvania, Illinois and Washington, D.C. Other properties in other states will contribute as well. Amtrak prefers leases of property in order to get a steady stream of revenue over the long term, rather than sales that produce short-term benefits but deplete the asset base.

Mail and express produced about $38 million in revenue for Amtrak in FY90. Internal studies indicate that Amtrak can significantly increase this by acquiring more mail and express cars and providing mail and express handling facilities at additional important locations. The company also plans to experiment with rail-highway equipment which would, if technologically practical, be more convenient and economical for the U.S. Postal Service to use.

Other smaller programs being pursued include further development of Amtrak's communications business such as extending its fiber optics capacity from New York to Boston.

Productivity Improvement

The last category of projects being developed includes a variety of efforts to improve productivity, in Amtrak's case the relationship between revenues and expenses. Current projections suggest that about $114 million in operating subsidy can be eliminated through higher productivity obtained in large measure by innovative use of information technology.

Better use of existing equipment is a major area of emphasis. Four equipment-related programs are in various stages of implementation to achieve the financial objective shown above. First, Amtrak is installing computer technology similar to major airlines to ensure that every seat is sold at the maximum possible price. This technique, called yield management, was developed by the airlines and is responsible for tens of millions of dollars of revenue to them each year. A related program called fleet allocation uses computer technology to provide the best possible deployment of the fleet to

maximize revenue and profit in the context of demand, price and cost levels.

Two other programs are aimed at increasing the number of cars available for service. One of them focuses on capital improvements to maintenance facilities, especially Beech Grove, to reduce the time cars are out of service for overhaul and running maintenance. The other replaces Amtrak's obsolete material management system and is expected to reduce the number of cars and locomotives out of service awaiting parts through better forecasting of needs at each location.

Amtrak also must have much more flexibility in the use of its workforce. Despite a number of improvements that have been made over the years, a significant number of obsolete and historical practices remain among Amtrak's numerous labor agreements. Had intercity rail passenger service just been invented, no company would organize work the way Amtrak is often compelled to. The company supports suitable financial rewards and financial incentives for all its employees but needs to develop work agreements that are fully responsive to the needs of its customers and the limits of financial support that can be provided by federal, state and local governments.

SECTION VII.

CAPITAL REQUIREMENTS

Amtrak faces the combined problems of a depleted asset base plus additional investments that are necessary to reach self-sufficiency. These needs, including the Northeast Corridor, total $4.6 billion from FY92 through the year 2000. Over 60 percent of that amount or $2.8 billion (including most equipment replacement) would be required to maintain present services and much of that investment should have occurred in the 1980s. This amount is referred to as Amtrak's base requirement. The remainder, totalling $1.8 billion, is required for other projects necessary to achieve self-suffi-

ciency. Over half of that is for improvements to the Northeast Corridor.

The largest components of the capital program outlined in the table below are for equipment and right-of-way. Amtrak has made a significant start with equipment replacement in FY91 by ordering 52 new locomotives and 140 new Superliner cars. Major remaining needs for the rest of the decade include about 250 more locomotives to replace worn out units, about 250 new Viewliners to complete replacement of the Heritage fleet, additional cars to replace Turboliner equipment plus more mail handling cars.

Right-of-way requirements will focus on the Northeast Corridor, for the most part north of New York. These requirements include electrification and related signal and bridge clearance work. Amtrak will also improve curve alignment and superelevation to achieve the best speeds possible on the present alignment. The corporation will delay proposing any major realignment of the Shore Line, probably until after the year 2000, while environmental and historical assessments are completed.

AMTRAK CAPITAL REQUIREMENTS

FY1992 - FY2000

$ Millions

Equipment	2,329
Right-of-Way	1,717
Maintenance Facilities	216
Information/Communications	138
Stations/On-board Service	137
Other	100
Total	4,637

Amtrak has stated that it will match each dollar of federal grant funds for equipment purchases with a dollar of capital borrowed on the private market without federal guarantees. To date, Amtrak has greatly exceeded this goal by privately financing nearly 100 percent of the cost of 104 Horizon Fleet cars, about 80 percent of the cost of 140 Superliners and about 90 percent of the cost of 70 locomotives. As a result, the company is reaching the limit of what it can realistically borrow and still achieve self-sufficiency. Amtrak, therefore, believes that future equipment purchases must be made primarily with grant funds, both to bring the public/private financing ratio back to the 50/50 split initially contemplated, and to ensure the attainment of operational self-sufficiency before the year 2000.

SECTION VIII.

PROJECTED FINANCIAL RESULTS

As outlined in the preceding report, Amtrak has identified many programs that, as a result of substantial capital investment, will contribute to the elimination of its federal operating grant. By the year 2000, together with legislative changes, they will produce grant reductions totalling $365 million. This compares to an FY91 operating grant requirement of $343 million. The balance provides a small margin of surplus that Amtrak has committed towards paying the principal and interest on the new locomotive and car acquisitions currently on the books.

Our plan now projects that Amtrak will be at "break-even" with respect to operating grant requirement in FY2000. Amtrak will continue on an annual basis to review all programs, consider new ideas, incorporate new financing requirements and project revised results. Amtrak is currently projecting the changes in annual grant requirements year-by-year through the year 2000. The corporation will provide these specific forecasts to Congress and the Administration on February 15 of each year in its annual grant request.

Generally speaking, it is anticipated that the greater portion of the grant reduction will come later in the decade since there is a lag time between the commitment of capital investments and the receipt of benefits. In the short run, Amtrak will tighten its operating needs to ensure there is continual year-to-year improvement as there has been in the past.

DEFENDANTS' EXHIBIT L

NATIONAL RAILROAD PASSENGER CORPORATION

FISCAL YEAR 1993
GRANT REQUEST
&
JUSTIFICATION

[LETTERHEAD OF AMTRAK]

FEBRUARY 14, 1992

NATIONAL RAILROAD PASSENGER CORPORATION FISCAL YEAR 1993 GRANT REQUEST

Amtrak requests $631 million of Federal funding in FY93 in order to continue operation of its existing national system, provide funding for both current critical capital needs and to partially fund additional car and locomotive acquisitions required to provide much needed capacity and allow for the continued reduction of Federal support for operations. In addition, Amtrak requests that Congress appropriate to the FRA $146 million to continue the Federally mandated FRA pass through program for non-Amtrak Railroad Retirement and Railroad Unemployment taxes.

Grant Required for Amtrak Operations & Labor Protection—$331 million

Operation of the national system in FY93 will require $331 million of grant funding to supplement an estimated $1,530 million of revenues available for intercity passenger operations.

Grant Required to Support Intercity Passenger Service—$308 million

Amtrak will require $308 million to support its intercity passenger operations. Additionally, Amtrak has provided commuter service under contract to several commuter authorities and anticipates operating new commuter services in California in FY93. As these services produce revenues in excess of their costs, this request reflects over $15 million in reduced Federal support resulting from Amtrak's operations of commuter services.

Grant Required for Other Federally Mandated Requirements—$23 million

Funding of $23 million is required in FY93 to support other Federally mandated Amtrak payments that do not contribute to Amtrak's mission of providing intercity rail

NATIONAL RAILROAD PASSENGER CORPORATION FISCAL YEAR 1993 GRANT REQUEST

passenger service, such as excess claims costs due to FELA ($19 million), and other Federal Excise taxes and FRA user fees paid back to the Federal government ($4 million).

Capital—$300 million

Amtrak's minimum FY93 capital needs total $555 million. It is hoped that private financing and Amtrak self funding will provide $255 million of the total. The remainder will require federal capital support in the amount of $300 million. Of the $555 million, $150 million in Federal funds and $250 million in private financing is designated for new car and locomotive acquisitions.

Grant Required for Non-Amtrak FRA Pass Through Programs—$146 million

Funding of $146 million is required in FY93 to support Federally mandated Amtrak payments that do not contribute to Amtrak's mission of providing intercity rail passenger service. Prior to FY91, Amtrak merely returned these funds to the Federal government in the form of excess Railroad Retirement and Railroad Unemployment Insurance Payments. Beginning in FY91, these funds have been appropriated to the FRA to be paid on Amtrak's behalf.

	(Millions)
excess Railroad Retirement Taxes	$136
excess Railroad Unemployment Insurance	10
	$146

Budget Uncertainties

— Although Amtrak has settled to date with approximately 40 percent of its union work force, the financial impact of ongoing labor contract negotiations for the remaining 60 percent is still unknown. Employee

demands aggregate to over $100 million per year above current levels.

— The length and severity of the current downturn in the economy and its impact on discretionary business and personal travel.

NECIP—$272 million

Amtrak requests an FY93 NECIP grant of $272 million, of which $220 million is for the upgrade of the Boston to New York Corridor. Of the $220 million, $110 million is additional funding for the electrification of the New Haven to Boston rail line, $106 million is for high-speed rail infrastructure improvements between New York and Boston and $4 million is for the X-2000 Tilt Train testing. These improvements are necessary to reduce the travel time between New York and Boston to three hours or less. The remaining $52 million is to continue vital capital improvements to the Northeast Corridor.

($ Millions)

	FY 1992 Budget	FY 1993 Grant Estimate
Revenue Available for Operations	1,432	1,530
Amtrak Expense	1,763	1,861
Total Operating Grant	331	331
Revenue to Cost Ratio	0.82	0.84
Grant Summary		
Amtrak Operations	331	331
Capital Investment	175	300
Total Grant To Amtrak	506	631
Grant to FRA for Non-Amtrak RRTA and RUIA	150	146

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

Operating Expense	FY 1992 Budget	FY 1993 Grant Estimate
Train Operations	471.8	482.5
Maintenance of Equipment	451.0	458.0
Maintenance of Way	209.4	206.0
On-Board Services	177.6	176.9
Stations	128.4	127.1
Marketing & Reservations	190.9	191.7
General Support	148.7	149.5
Insurance and Interest	88.6	88.9
Depreciation	205.1	208.0
General and Administrative	46.5	47.3
Total Operating Expenses	2,118.0	2,135.9
Provision for Inflation		79.5
Total Expense	2,118.0	2,215.4
Less:		
Non-Amtrak FRA Pass Thru Program*	150.2	146.4
Expenses Not Requiring Appropriations	205.1	208.0
Funded Amtrak Expense	1,762.7	1,861.0
Total Revenue	1,440.1	1,550.0
Less:		
Restricted Revenue	7.9	20.0
Revenue Available for Operations	1,432.2	1,530.0
Grant Requirement for Amtrak Operations	330.5	331.0
Revenue Cost Ratio	0.82	0.84

* Pass through of excess RRTA and RUIA.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

Grant Required for Other Federally Mandated Requirements
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 22.5	$ 23.5	$ 1.0

This funding is required to support other Federally mandated requirements that do not contribute to Amtrak's mission of providing intercity rail passenger service. Included in this category are: the excessive costs associated with resolving employee injury claims under the Federal Employers' Liability Act (FELA), which could be significantly reduced under the more equitable and no-fault state workers' compensation laws; the pass back of Federally legislated taxes on railroad diesel fuel and other Federal Excise Taxes and FRA User Fees paid by Amtrak annually.

- FELA—$19.4 Million

  It is estimated that $19.4 million in FELA payments and litigation costs would be saved under state workers' compensation programs. Much of this amount currently benefits FELA attorneys, whose compensation runs from 25% to 40% of the award or settlement.

- Pass Back of Federal Excise Taxes—$4.1 Million

  Included under this category is the funding required to pay Federal Excise Taxes which Amtrak is mandated to pay as a result of current law. Beginning on December 1, 1990, Amtrak became subject to a 2.6 cents per gallon deficit-reduction excise tax on diesel fuel used by railroads, as well as a FRA user fee paid by Amtrak for the safety inspection program. In addition, Amtrak is subject to a tax of 14 cents per gallon on gasoline, and a 4% excise tax on off-shore insurance premiums.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

Grant Required for Other Federally Mandated Requirements
Operating Expenses

These amounts represent payments by Amtrak to the Federal government which result in no net outlay of federal funds.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

Grant Required for Non-Amtrak FRA Pass Through Programs
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 150.0	$ 146.4	$ (3.6)

This funding is required to support Federally mandated passenger railroad payments, which FRA has been directed to pay on Amtrak's behalf since FY91. These payments represent the amounts that Amtrak must annually contribute to the Railroad Retirement trust fund in excess of Amtrak's liability for benefits to its retirees and other beneficiaries and for the Railroad Unemployment Repayment Tax.

- Railroad Retirement—$136.2 Million

  Current law requires that Amtrak and its employees pay Tier II and supplemental taxes that will total an estimated $189.9 million for FY93.

  Benefits paid to individuals who retired from Amtrak and to their beneficiaries will be approximately $53.7 million, as estimated by the Railroad Retirement Board, leaving an excess payment of $136.2 million.

- Railroad Unemployment—$10.2 Million

  Current law requires Amtrak to pay annually an estimated $10.2 million per year of Railroad Unemployment repayment tax. This $10.2 million represents the amount to be paid by FRA on behalf of Amtrak.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

TRAIN OPERATIONS
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 471.8	$ 482.5	$ 10.7

Train Operations includes the engineers and conductors who operate approximately 250 trains nationally over 25,000 route miles; fuel and electricity; joint terminals; and all operational communications and train control costs associated with our system. Approximately 7% covers the contractual costs of the 17 railroads that provide services for the operation of Amtrak trains.

Amtrak employs approximately 4,400 people to operate a system that provides service to over 500 towns and cities and contractual commuter services for California, Connecticut, Massachusetts, Maryland and Virginia. This work force includes approximately 3,300 Trainmen and Enginemen, 470 managerial, supervisory and clerical staff, and over 560 personnel involved in other functions, such as block and tower operations, dispatching and train control.

In light of Amtrak's commitment to its passengers' comfort and safety, the Swedish "Tilt" train equipment is anticipated to be tested in revenue service in the Boston-New York corridor in FY93. This equipment automatically tilts as it enters curves, countering the centrifugal force that passengers feel, which improves the comfort and quality of the ride.

In an effort to minimize severe fluctuations in fuel costs, Amtrak has entered into a special fuel procurement program. Approximately 30% of Amtrak's fuel requirements are currently covered by this program.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

TRAIN OPERATIONS
Operating Expenses

The forecasted increase of $10.7 million primarily reflects the impact of the expansion of Amtrak's commuter operations which are fully covered by revenues. Amtrak is slated to begin Virginia's commuter service in Spring 1992, and final negotiations are under way to begin Southern California's commuter service in Fall 1992. Amtrak is also under consideration as operator for the California's Peninsula Commuter service. Other expenses are for new state supported services in North Carolina and California, and the extension of the Sunset Limited offset by productivity savings and the anticipated work rule changes for cross craft manpower utilization.

Costs are in constant FY92 dollars. The estimated FY93 inflation rate is explained on page 19.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

MAINTENANCE OF EQUIPMENT
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 451.0	$ 458.0	$ 7.0

In order to provide a viable, safe and reliable fleet, Amtrak maintains it's equipment on a regular basis. The costs associated with equipment maintenance are routine maintenance and cleaning at the end of each trip, preventive maintenance programs, overhauls and equipment conversions, and maintenance provided under contract with commuter agencies. Direct employment levels anticipated to perform these maintenance functions are approximately 6,400; 89% of the personnel are involved in direct Amtrak operations and 11% of the personnel are related to Amtrak's fully reimbursable contract operation of commuter services for California, Connecticut, Massachusetts, Maryland, and Virginia.

Amtrak utilizes efficient production line techniques in its major heavy overhaul maintenance facilities in Indiana and Delaware, and operates other facilities across the system for repairs and preventive maintenance of cars and locomotives. Amtrak is committed to providing the best possible equipment for the safety and comfort of the passengers. As part of this commitment we are planning to increase the heavy overhauls in FY93 to 439 units, 370 cars (Amfleet, Superliner and Heritage) and 69 locomotives (17 electric and 52 diesel). To enhance reliability and performance, 50 "state of the art" DASH-8 locomotives will be placed into service over the next two years. These new fuel efficient locomotives are quieter, emit lower levels of pollution, and the latter 30 to be delivered will be significantly more aerodynamic in style. For passenger comfort, 140 of our popular Superliner cars will be delivered in late FY93.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

MAINTENANCE OF EQUIPMENT
Operating Expenses

The $7.0 million forecasted increase primarily reflects the cost of additional fully reimbursed commuter services in California and Virginia. Other expenses are for new state supported services in North Carolina and California and the extension of the Sunset Limited to Miami.

Costs are in constant FY92 dollars. The estimated FY93 inflation rate is explained on page 19.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

MAINTENANCE OF WAY
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 209.4	$ 206.0	$ (3.4)

The Maintenance of Way program includes the maintenance of tracks, communications and signal systems, electrification systems, buildings, bridges, tunnels, and all other roadway facilities under Amtrak's ownership. Direct employment is expected to be approximately 3,300. This includes both personnel related to Amtrak's operations and the operations under fully reimbursed commuter service agreements. This program also includes payments to operating railroads for similar costs.

The major portion of Maintenance of Way expense is incurred on Amtrak owned properties primarily in the Northeast Corridor. Over 20% of this program is for fully reimbursable maintenance provided under contractual agreements with various state and commuter agencies. An estimated 7% covers payments to freight railroads for use of their track. The remainder covers maintenance of Amtrak's off-corridor track in New York and Michigan and yards in Louisiana, California, Illinois and Florida.

Amtrak is continuing to work on a priority basis to improve and, where feasible, eliminate grade crossings in order to reduce crossing accidents. Programs to maintain and improve ride quality, interlockings, and monitor performance of our high speed surfacing gangs are also continuing. Amtrak is in the third year of the Concrete Tie Replacement Program and is continuing to perform extensive track renovation in New York City as part of a joint venture with Long Island Railroad.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

MAINTENANCE OF WAY
Operating Expenses

The $3.4 million decrease in expenditure primarily reflects the impact of productivity saving implemented throughout the system and work rule changes we anticipate to obtain from new contracts.

Costs are in constant FY92 dollars. The estimated FY93 inflation rate is explained on page 19.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

ON-BOARD SERVICES
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 177.6	$ 176.9	$ (0.7)

On-Board Services has approximately 3,000 Coach and Sleeping Car Attendants, Waiters, Chefs, and Stewards who serve our passengers once they board the trains. These employees work on over 325 food service cars, such as diners, dinettes, buffet cars, and snack cars, as well as coaches and sleepers. This program also includes the operation of 16 commissaries and 13 crew bases required to support food service functions.

Labor, including benefits, accounts for 69% of the program cost with the remainder covering food, beverages, and supplies. Estimated FY93 program costs are as follows:

	Labor	Other	Total
Food and Beverage Service	$77.0	$ 46.7	$123.7
Coach Service	17.3	1.5	18.8
Sleeping Car Service	15.1	3.6	18.7
Other On-Board Support	12.4	3.3	15.7
TOTAL	$121.8	$ 55.1	$176.9

The overall decrease in expenditures reflects the impact of productivity enhancements and work rule changes implemented in FY92 regarding part-time labor and the anticipated impact of cross craft manpower utilization. These savings offset cost increases for state supported North Carolina service, the extension of the Sunset Limited to Miami, and selected modifications of china service as a result of the positive responses we have received from our passengers. China

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

ON-BOARD SERVICES
Operating Expenses

service is currently available on Auto Train, Capitol Limited, Coast Starlight, and the Southwest Chief.

Costs are in constant FY92 dollars. The estimated FY93 inflation rate is explained on page 19.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

STATIONS
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 128.4	$ 127.1	$ (1.3)

This program incorporates the operation of stations and includes ticketing, baggage and express handling. All expenses of station operation such as labor, rent, utilities and routine maintenance are also included.

The proposed FY93 route structure assumes operation of approximately 514 manned and unmanned stations. Of these, 83 are owned by Amtrak, and 431 are owned by other railroads, cities or private interests. In FY91, a total of 15 new stations were added in California, Colorado, Indiana, Ohio and Wyoming.

There are 249 staffed stations of which 230 stations are manned by approximately 2,300 Amtrak employees and the remaining 19 stations are manned by railroad personnel. The Ticketing function comprises 65% of the work force, Mail, Baggage and Express 23%, and the remaining 12% is for Station Operations, Maintenance, and Managerial and Support. Amtrak trains stop at an additional 265 unmanned locations.

Amtrak is continually working to transform its stations into modern and efficient facilities similar to Washington Union Station. Amtrak's facility in Chicago was completed in October 1991 and work is continuing on Penn Station New York. Additionally, Amtrak is upgrading its stations to comply with the accessibility requirements of the Americans with Disabilities Act.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

STATIONS
Operating Expenses

A new contractual feature of the Transportation Communications Union agreement allows Amtrak to utilize part-time employees throughout the system and will reduce station costs over the next several years as the program is implemented.

Costs are in constant FY92 dollars. The estimated FY93 inflation rate is explained on page 19.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

MARKETING & RESERVATIONS
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 190.9	$ 191.7	$ 0.8

This program includes Amtrak's use of various Marketing and Sales elements to create and enhance our products and services to increase overall consumer awareness and demand. The elements include advertising, sales promotion, product design and packaging, pricing, distribution, reservations, sales and sales development. Approximately 1,600 personnel are employed to perform these functions.

The Advertising and Sales Promotion Programs are important to expand, enhance and strengthen the ever increasing popularity of passenger rail travel. The advertised message presented to the consumer through the various mediums helps Amtrak to maintain its posture in the marketplace and support the revenue objectives in a very competitive environment. Our sales promotion efforts permit us to target messages through selected media and to offer special incentives to the consumer or the sales agent in order to stimulate sales of particular products at particular times. For the past few years, Amtrak has been able to increase its revenue at rates above those of the domestic airline industry. Amtrak has initiated a new Senior Citizen fare program on most of its trains which offers senior citizens a 15% discount off the lowest available railfare for mid-week travel.

During FY92 Amtrak expects to receive over 37.7 million calls and handle 94% of those calls through our reservation sales systems. The ability to convert incoming telephone inquiries into sales by providing a superior quality telephone

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1992 BUDGET JUSTIFICATION

($ Millions)

MARKETING & RESERVATIONS
Operating Expenses

sales service is foremost in our Marketing Plan. This will be accomplished at our four reservation offices in Fort Washington, PA, Chicago, IL, Corona, CA, and Los Angeles, CA, and through our automated call response system. The FY93 call volume is expected to increase about 2% over FY92.

The increase reflected in the FY93 estimate is related to the start-up advertising for our new Trans-Continental route which will extend the Los Angeles to New Orleans Sunset Limited through Jacksonville to Miami.

Costs are in constant FY92 dollars. The estimated FY93 inflation rate is explained on page 19.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

GENERAL SUPPORT
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 148.7	$ 149.5	$ 0.8

The General Support program includes service and supervisory functions which directly support operations.

This program incorporates the procurement and material control function, revenue accounting, police, training and other activities. In addition, this program provides for the operation of the corporate computer system and field personnel offices. Labor and benefits account for approximately 66% of the program with the remainder covering communication costs, travel, rents, and other office related expenses.

Direct employment levels are anticipated to be 1,700 consisting of approximately 800 union and 900 nonunion employees. This employment level includes personnel needed to sustain new commuter services in California which are fully funded by the state and do not require any Federal funds.

Overall costs of this program are estimated to increase $0.8 million as a result of fully reimbursed administrative and overhead costs associated with new commuter services.

Costs are in constant FY92 dollars. The estimated FY93 inflation rate is explained on page 19.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

INSURANCE AND INTEREST
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 88.6	$ 88.9	$ 0.3

The program includes expenses for personal liability and property damage insurance and for interest expense.

The forecasted increase of $0.3 million reflects debt service on new equipment purchases which is partially offset by reduced FELA claims resulting from our safety program.

Costs are in constant FY92 dollars. The estimated FY93 inflation rate is explained on page 19.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

DEPRECIATION
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 205.1	$ 208.0	$ 2.9

Depreciation cost is a direct function of the value and estimated life of depreciable corporate assets. The total expense is a product of asset acquisition cost and depreciation rates which are based on the estimated useful life.

The $2.9 million increase results from the receipt of new equipment in FY92 and FY93, and additional capitalization of Northeast Corridor improvements.

This program requires no cash outlays and therefore does not impact the operating grant requirement.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

GENERAL AND ADMINISTRATIVE
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 46.5	$ 47.3	$ 0.8

This program includes the administration and overhead functions of the corporation, the majority of which are performed at corporate headquarters. This represents about 2% of Amtrak total costs.

The program covers the expenses of the Board of Directors, President's Office, Internal Affairs, Corporate Planning, Government Affairs, Corporate Communications, Law, Labor Relations, Headquarters personnel functions and most financial operations. Of the estimated $47.3 million, $19 million is to provide legal and claims support.

The $0.8 million increase primarily reflects fully reimbursable administrative and overhead costs associated with new commuter services in California.

Costs are in constant FY92 dollars. The estimated FY93 inflation rate is explained on page 19.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

GENERAL AND ADMINISTRATIVE
Office Of Internal Affairs (IG)
Operating Expenses

Budget FY92	Estimate FY93	Change
$ 4.8	$ 4.9	$ 0.1

Included under the major program General and Administrative is the Internal Affairs Department.

The Department has the responsibility of conducting and supervising audits and investigations related to the programs and operations of Amtrak. The department consists of three major areas (Inspector General, Policy Procedure Resource & Audits and Criminal Investigations) with a fully dedicated staff of 70.

Labor and benefits account for approximately 89% of the department's budget with the remaining covering travel, professional services, and other related expenses.

The $0.1 increase is to upgrade computer technologies in order to maximize efficiency of audits and support the expansion of computerized audits.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

REVENUE

Budget FY92	Estimate FY93	Change
$ 1,440.1	$ 1,550.0	$ 109.9

FY93 revenue is projected to increase $109.2 million (7.6%) over the FY92 level. Most of this increase ($56.7 million or 52%) is in Passenger Related revenue, which is 5.5% greater than FY92. New commuter services for Southern California and the San Francisco area will increase revenues by $44.4 million. In FY93, the Passenger Related revenue increase is attributable to: 1) proposed state supported services in North Carolina and California and the proposed extension of the Sunset Limited to Miami; and 2) higher yield due to rate increases. In terms of year-to-year growth, an anticipated economic recovery should result in a moderate 1.0% improvement in passenger miles.

	FY92		FY93	
	$	% of Total	$	% of Total
Passenger Related	1,035.0	71.8	1,091.7	70.4
Commuter Operations	107.2	7.4	150.9	9.7
Commuter Fees	80.1	5.6	83.2	5.4
State Payments	21.3	1.5	23.6	1.5
Mail Baggage & Express	47.2	3.3	52.4	3.4
Real Estate & Operations	46.7	3.2	44.0	2.8
Freight	13.9	1.0	15.4	1.0
Interest	6.8	0.5	5.7	0.4
Operations & Mntce. Svcs.	49.3	3.4	50.5	3.3
Miscellaneous	32.6	2.3	32.6	2.1
TOTAL	1,440.1	100.0	1,550.0	100.0

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 BUDGET JUSTIFICATION

($ Millions)

Provision for Inflation Increase
Operating Expenses

Budget FY92	Estimate FY93	Change
$ —	$ 79.5	$ 79.5

Amtrak's inflation estimate of 4.5% is based upon the impact of recent settlements of approximately half our union work force and the anticipated impact of settling the remaining contracts at rates comparable to those recently signed. This estimated increase is caused by the fact that elements of those settlements involve larger increases in the earlier years of the contracts to compensate for the extended negotiation process.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 CAPITAL BUDGET JUSTIFICATION

Amtrak's minimum FY93 capital requirements total $555 million. Of this amount, it is estimated that $255 million will be provided through a combination of internal sources and outside financing, leaving a Federal grant requirement of $300 million. Approximately $150 million in Federal funds and $250 million in private financing is designated for new equipment acquisition. Amtrak's ability to purchase new equipment is, of course, contingent upon the ability to secure outside financing. The added capacity provided by the new equipment is expected to generate out-year incremental revenue sufficient to cover operating costs, and support the continued reduction of Federal funds required for operations.

The projects selected for funding in the proposed FY93 capital plan represent the highest priority requirements. It was necessary to defer several programs from FY92 to FY93 due to lack of capital resources.

The major programs comprising Amtrak's minimum FY93 capital requirements are:

	(Millions)
Rolling Stock	$410
Rolling Stock Modifications	37
Maintenance Facilities	34
Right-of-Way	30
Information & Communication Systems	11
Stations/On-Board Services	14
Other Projects	19
Total Capital Requirements	$555
Less: Outside Financing	(250)
Self-Generated Funds	(5)
FY93 Capital Grant Requirement	$300

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 CAPITAL BUDGET JUSTIFICATION

While total amounts are shown for each major program, details are provided for major items only.

I. Rolling Stock (New)—$410 million

Amtrak's equipment acquisition plan includes the purchase of the following new locomotives, passenger cars, and material handling cars:

1) Forty diesel locomotives to replace current units approaching the end of their useful life, and ten new dual-mode locomotives to replace Turboliner equipment operating in the Empire Service.

2) Fifty Viewliners to replaced Heritage equipment operating in the East in long-distance service.

3) Thirty-nine additional Superliner cars to increase service in the South and West.

4) Twenty-three Horizon cars to replace Turboliner equipment operating in the Empire Service.

5) Sixty material handling cars to substantially increase business with the U.S. Postal Service, thus affording the opportunity for increased revenues in this area.

New equipment also includes the principal and capitalized interest payments on past purchases. For FY93, $10 million is included for a locomotive principal payment and a Superliner capitalized interest payment.

II. Rolling Stock Modifications—$37 million

Covers equipment modification and enhancement programs required to upgrade the fleet and provide full waste retention disposal systems and disposal facilities.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 CAPITAL BUDGET JUSTIFICATION

III. Maintenance Facilities—$34 million

Continues the modernization program at several of Amtrak's major maintenance facilities, necessary for the efficient operation and preservation of Amtrak's equipment. The plan also includes $1 million for safety and environmental projects necessary at these same facilities, as well as, $2 million for the Sunnyside Yard Car Washer, jointly funded with New Jersey Transit.

IV. Right-of-Way—$30 million

Continues Amtrak's efforts to ensure the safe operation of high speed trains on the Northeast Corridor. The plan includes track surfacing and bridge improvements plus approximately $17 million to complete the replacement of numerous defective concrete ties acquired from the now bankrupt Lonestar Corporation.

V. Information and Communications Systems—$11 million

Includes the upgrade and replacement of IBM mainframe computer equipment required to expand capacity and improve the reliability, availability and performance of our business and reservation systems. Also includes the replacement of obsolete disk storage devices at the data center and equipment needed to implement the Labor Management System.

VI. Station/On-Board Service Improvements—$14 million

Provides for the Metropark Parking Garage project, and improvements to the Washington Union Station satellite commissary and test kitchen, Los Angeles Union Station and several other stations.

NATIONAL RAILROAD PASSENGER CORPORATION
FISCAL YEAR 1993 CAPITAL BUDGET JUSTIFICATION

VII. Other Projects—$19 million

Provides for the annual vehicle replacement program, Sunnyside Yard Masterplan, the initial costs of new mail handling facilities, and enhancements to existing facilities. Also includes costs for construction of New York Division office space and projects to further comply with the Americans with Disabilities Act.

NATIONAL RAILROAD PASSENGER CORPORATION
NORTHEAST CORRIDOR IMPROVEMENT PROJECT
(NECIP)
FISCAL YEAR 1993 NECIP BUDGET JUSTIFICATION

Amtrak requests an FY93 NECIP grant of $272 million. This amount includes funding for upgrade of the New York to Boston Corridor, including electrification of the New Haven to Boston rail line, infrastructure improvements and X-2000 trainset testing and demonstration. Also, funding is requested to continue capital improvements between New York and Washington.

The upgrade of the New York to Boston corridor includes a turnkey contract for construction of the electric traction system between New Haven and Boston. Several infrastructure improvements are also necessary to generate reductions in travel time. These are: installation of right of way fencing in selected urban areas, bridge conversion and upgrade, track undercutting, four high-speed universal interlockings, rearrangement of track layouts, repairs to Canton Viaduct, and concrete tie purchase and installation. Amtrak also plans to start work on a toilet dump system and car washer in Boston.

Capital improvements needed between Washington and New York include: New York Penn Station tunnel and yard improvements, interlocking reconfiguration and turnout rehabilitation, electric traction system upgrades, and communication and signal system upgrades.

Major programs totals are listed below:

New York to Boston	(Millions)
Electrification	$ 110.0
X-2000 Trainsets	4.0
Infrastructure	71.5
Planning, scheduling and overall management	16.0
Contingency	18.5
TOTAL	$ 220.0

NATIONAL RAILROAD PASSENGER CORPORATION
NORTHEAST CORRIDOR IMPROVEMENT PROJECT
(NECIP)
FISCAL YEAR 1993 NECIP BUDGET JUSTIFICATION

Washington to New York	(Millions)
New York Penn Station Tunnel/Yard Improvements	$ 8.0
Interlocking Reconfiguration and Turnout Rehabilitation	7.0
Electric Traction System Upgrades	27.5
Communication and Signal System Upgrades and track and facility renewal	9.5
TOTAL	$ 52.0
TOTAL FY93 NECIP REQUEST	$ 272.0

New York to Boston—$220.0 million

Includes the following items for upgrade of the New York to Boston Corridor:

— Turnkey contract for construction of electric catenary system between New Haven and Boston, and the acquisition of any necessary real estate.

— Lease, operate, test and demonstrate the X-2000 modern, hi-speed trainsets, for possible use in Boston to Washington service.

— Infrastructure improvements; installation of right of way fencing in selected urban areas, bridge upgrades, high-speed universal interlockings, arrangement of track layouts through New Haven and Stamford, vertical improvements at bridges for electrification, installation of a toilet dump manifold system at Boston South Station, car washer construction, and purchase and installation of concrete ties.

NATIONAL RAILROAD PASSENGER CORPORATION
NORTHEAST CORRIDOR IMPROVEMENT PROJECT
(NECIP)
FISCAL YEAR 1993 NECIP BUDGET JUSTIFICATION

— Plan, schedule, and overall management of the high speed service improvements, and provide a project reserve.

Washington to New York—$52.0 million

Includes the following items for upgrades in the Washington to New York Corridor:

— Improvements in New York Penn Station Tunnel and Yard to include the design of an emergency air system for pumps and improvements to emergency exit stairs in shafts, as well as, construction of track level walking surface.

— Interlocking reconfiguration and turnout rehabilitation.

— Initial phase of the replacement of the Richmond generation station and purchase of transformers and related equipment which is part of the multi-year electric traction system upgrade program.

— Communication and signal system upgrades, and renewals of tracks and facilities at New York Penn Station and Sunnyside Yard.

DEFENDANTS' EXHIBIT M

* * *

NEW YORK BOARD OF TITLE UNDERWRITERS
FORM 100E

8701-00734

CHICAGO TITLE INSURANCE COMPANY

in consideration of the payment of its charges for the examination of title and its premium for insurance, insures the within named insured against all loss or damage not exceeding the amount of insurance stated herein and in addition the costs and expenses of defending the title, estate or interest insured, which the insured shall sustain by reason of any defect or defects of title affecting the premises described in Schedule A or affecting the interest of the insured therein as herein set forth, or by reason of unmarketability of the title of the insured to or in the premises, or by reason of liens or encumbrances affecting title at the date hereof, or by reason of any statutory lien for labor or material furnished prior to the date hereof which has now gained or which may hereafter gain priority over the interest insured hereby, or by reason of a lack of access to and from the premises, excepting all loss and damage by reason of the estates, interests, defects, objections, liens, encumbrances and other matters set forth in Schedule B, or by the conditions of this policy hereby incorporated into this contract, the loss and the amount to be ascertained in the manner provided in said conditions and to be payable upon compliance by the insured with the stipulations of said conditions, and not otherwise.

In Witness Whereof, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed as of the date of policy shown in Schedule A, the policy to become valid when countersigned by an authorized signatory.

Issued by:
EASTERN REGION
MAIN OFFICE
233 Broadway
New York, New York 10279-0014
(212) 815-9300

CHICAGO TITLE INSURANCE COMPANY
/s/ [ILLEGIBLE]
President.

ATTEST:
/s/ [ILLEGIBLE]
Secretary.

[CORPORATE SEAL]

N.Y.B.T.U. FORM

gmw

Number	Date of Isue	Amount of Insurance
8701-00734	August 10, 1988	$40,000,000.00

Name of Insured: NATIONAL RAILROAD PASSENGER CORPORATION

The estate or interest insured by this policy is fee simple vested in the insured by means of

SEE ATTACHED CERTIFICATION:

SCHEDULE A

The premises in which the insured has the estate or interest covered by this policy is described on the description sheet annexed.

SCHEDULE B

The following estates, interests, defects, objections to title, liens, and incumbrances and other matters are excepted from the coverage of this policy.

1. Defects and incumbrances arising or becoming a lien after the date of this policy, except as herein provided.

2. Consequences of the exercise and enforcement or attempted enforcement of any governmental, war or police powers over the premises.

3. Any laws, regulations or ordinances (including, but not limited to zoning, building, and environmental protection) as to the use, occupancy, subdivision or improvement of the premises adopted or imposed by any governmental body, or the effect of any noncompliance with or any violation thereof.

4. Judgments against the insured or estates, interests, defects, objections, liens or incumbrances created, suffered, assumed or agreed to by or with the privity of the insured.

5. Title to any property beyond the lines of the premises, or title to areas within or rights or easements in any abutting

streets, roads, avenues, lanes, ways or waterways, or the right to maintain therein vaults, tunnels, ramps or any other structure or improvement, unless this policy specifically provides that such titles, rights, or easements are insured. Notwithstanding any provisions in this paragraph to the contrary, this policy, unless otherwise excepted, insures the ordinary rights of access and egress belonging to abutting owners.

6. Title to any personal property, whether the same be attached to or used in connection with said premises or otherwise.

7. Rights of present tenants, lessees or parties in possession.

8. The lien of street vault charges as set forth in Exception 32 of this Schedule B.

Policy excepts the possible future imposition of charges for vaults which were either not assessed or improperly assessed at or prior to the date of closing.

9. Liens pursuant to the Administrative Code of the City of New York may have attached and not been filed or recorded. No liability is assumed for same.

10. A) With respect to such portions of Penn Station as are shown on the following surveys made by Earl B. Lovell-S.P. Belcher, Inc.:

continued-

Countersigned
/s/ [ILLEGIBLE]
Authorized Signatory

NOTE: ATTACHED HERETO ADDED PAGES.

* * *

DEFENDANTS' EXHIBIT N

[LETTERHEAD OF WINSTON NETWORK, INC.]

June 23, 1988

Mr. Bruce Bourque
Project Manager
National Railroad Passenger Corp.
Real Estate Department
400 North Capital St., NW
Washington DC, 20001

Re: Penn Station Spectacular

Dear Bruce:

This letter shall serve to confirm the exclusive advertising arrangement we discussed between Winston Network Inc. ("Winston"), on the one hand and National Railroad Passenger Corporation ("Amtrak") on the other, concerning the above mentioned location.

Commencing October 1, 1987, Winston agrees to pay to Amtrak a minimum rent of $2,600.00 per month for two (2) months; $6,338.00 per month for six (6) months commencing December 1, 1987; and $7,458.75 per month for twelve (12) months commencing June 1, 1988. In addition, Winston agrees to pay an electrical charge of $2,200.00 per month during the term of this agreement commencing November 1, 1987.

This Agreement shall run from year to year. Either party may terminate this Agreement on thirty (30) days written notice to the other.

If the above is acceptable, please indicate same by signing in the space provided below.

As always, we look forward to a long and mutually beneficial relationship.

Sincerely yours,

/s/ VINCENT NOTARO
Vincent Notaro
Senior Vice President

Agreed and Accepted:
NATIONAL RAILROAD PASSENGER CORP.

BY: _____

DATE: _____

VN:DM

DEFENDANTS' EXHIBIT O

[LETTERHEAD OF TDI]

August 3, 1979

Mr. Fred Golden
Ash/LeDonne
1500 Broadway
New York, New York

RE: Contract / Resorts International
Penn Station Spectacular

Dear Fred:

This letter is to confirm our conversation and understanding regarding the TDI advertising contract for Resorts International for the Penn Station Spectacular.

As discussed, it is understood and fully agreed to that this contract is completely contingent upon its acceptance by the railroad authorities, in this case Amtrak. The railroad has complete and total right to accept or reject the contract, the rates, the copy and in short, anything pertaining to use of railroad facilities.

We certainly hope that we will be able to have the contract in question accepted by the railroad and we intend to do everything that we can do to achieve that goal. We will keep you posted on the progress of our discussion.

Sincerely,

/s/ BOB NEUBERGER
Bob Neuberger
Account Supervisor

BN:jhs

cc: Peter LeDonne

[LETTERHEAD OF TDI]

TDI ADVERTISING CONTRACT DATE AUGUST 1, 19

The undersigned hereby authorizes TRANSPORTATION DISPLAYS, INC. hereinafter referred to as TDI to display the following described advertising for which said Advertiser agrees to pay

the sum of THIRTEEN THOUSAND DOLLARS ** (SEE ATTACHMENT)
Net in advance during the term of the Contract:

Dollars ($ 13,000) Per MONTH
(FIRST YEAR)

SUBJECT OF ADVERTISEMENT RESORTS INTERNATIONAL

MEDIUM: Car Cards ____ Posters ____ Timetables ____

Dioramas ___ Exhibits __ Islands ___ Other SPECTACULAR

Commencing JANUARY 1 1980 For FIVE YEARS

Size of Showing ONE Size of Display _____

Location PENNSYLVANIA STATION

Position OVER AMTRAK TICKET WINDOWS

Copy Changes AT ADVERTISERS EXPENSE AND DISCRETION

Service Charges ADVERTISER RESPONSIBLE FOR ALL CHARGES CONNECTED WITH INSTALLATION OF THE TRANSPARENCY AS WELL AS ELECTRICAL SERVICE AND CHARGES.

REMARKS ABOVE RATE SUBJECT TO 15% AGENCY COMMISSION. ADVERTISER RESERVES THE OPTION TO RENEW THIS CONTRACT IF DESIRED, RATES WILL BE SUBJECT TO NEGOTIATION. ADVERTISER RESERVES THE RIGHT TO CANCEL THIS CONTRACT WITH 6 MONTHS PRIOR WRITTEN NOTIFICATION.

THIS CONTRACT IS EXECUTED IN DUPLICATE BY THE UNDERSIGNED ADVERTISER OR AGENCY AND ACCEPTED BY TDI SUBJECT TO CONDITIONS PRINTED ON THE REVERSE SIDE.

ACCEPTED 8/1 19 79

TRANSPORTATION DISPLAYS, INC.

BY /s/ [illegible]

Sales Representative BOB NEUBERGER

NEW YORK, NEW YORK

ASH/LEDONNE ADVERTISING, INC
Advertiser or Agency

By /s/ [illegible]

Street 1500 BROADWAY

City NEW YORK, NEW YORK

Telephone Number 221-0140

ATTACHMENT

FIRST YEAR OF CONTRACT	$13,000 PER MONTH
SECOND YEAR OF CONTRACT	$13,500 PER MONTH
THIRD YEAR OF CONTRACT	$14,000 PER MONTH
FOURTH YEAR OF CONTRACT	$14,500 PER MONTH
FIFTH YEAR OF CONTRACT	$15,000 PER MONTH

THIS ATTACHMENT IS PART OF THE ADVERTISING CONTRACT WRITTEN AUGUST 1, 1979, BETWEEN RESORTS INTERNATIONAL, ASH/LEDONNE ADVERTISING, INC AND TRANSPORTATION DISPLAYS, INC.

[LETTERHEAD OF TDI]

TDI ADVERTISING CONTRACT DATE JANUARY 3, 19

The undersigned hereby authorizes TRANSPORTATION DISPLAYS, INC hereinafter referred to as TDI to display the following described advertising for which said Advertiser agrees to pay

the sum of THIRTEEN THOUSAND ** (SEE RIDER "A" ATTACHED)
Net in advance during the term of the Contract:

Dollars ($ 13,000) Per MONTH
(FIRST YEAR)

SUBJECT OF ADVERTISEMENT ASH/LEDONNE ADVERTISING, INC

MEDIUM: Car Cards ____ Posters ____ Timetables ____

Dioramas ___ Exhibits __ Islands ___ Other SPECTACULAR

Commencing JANUARY 1 1980 For FIVE YEARS

Size of Showing ONE Size of Display _____

Location PENNSYLVANIA STATION

Position OVER AMTRAK TICKET WINDOWS

Copy Changes AT ADVERTISERS EXPENSE

Service Changes ADVERTISER RESPONSIBLE FOR ALL CHARGES CONNECTED WITH INSTALLATION OF THE TRANSPARENCY AS WELL AS ELECTRICAL SERVICE AND CHARGES AS WELL.

REMARKS MAINTENANCE.

ADVERTISER RESERVES THE RIGHT TO CANCEL THIS CONTRACT UPON SIX (6) MONTHS PRIOR WRITTEN NOTICE. RIDER "A" ATTACHED HERETO IS PART OF THIS CONTRACT.

THIS CONTRACT CANCELS AND SUPERSEDES CONTRACT WRITTEN ON AUGUST 1, 1979.

THIS CONTRACT IS EXECUTED IN DUPLICATE BY THE UNDERSIGNED OR AGENCY AND ACCEPTED BY TDI SUBJECT TO CONDITIONS PRINTED ON THE REVERSE SIDE.

ACCEPTED 1/4 19 80

TRANSPORTATION DISPLAYS, INC

BY /s/ [illegible]

Sales Representative BOB NEUBERGER

Sales Office NEW YORK, NEW YORK

Address 275 MADISON AVENUE

ASH/LEDONNE ADVERTISING, INC
Advertiser or Agency

By /s/ [illegible]

Street 1500 BROADWAY

City NEW YORK, NEW YORK

Telephone Number 221-0140

Contract No _____

Initial Contract ___X___ Renewal ____

RIDER "A"

1. RATE

FIRST YEAR OF CONTRACT	$13,000 PER MONTH
SECOND YEAR OF CONTRACT	$13,500 PER MONTH
THIRD YEAR OF CONTRACT	$14,000 PER MONTH
FOURTH YEAR OF CONTRACT	$14,500 PER MONTH
FIFTH YEAR OF CONTRACT	$15,000 PER MONTH

2. RENEWAL

(a) ADVERTISER HAS THE OPTION TO RENEW THIS CONTRACT AT THE END OF THE INITIAL FIVE YEAR TERM SUBJECT TO PRIOR APPROVAL OF TDI AND AMTRAK.

(b) SPACE RATE AND OTHER CHARGES WILL BE SUBJECT TO NEGOTIATION.

(c) ADVERTISER MUST EXERCISE THIS OPTION, IN WRITING, NO LATER THAN 90 DAYS PRIOR TO EXPIRATION OF THE INITIAL TERM.

(d) THIS OPTION SHALL EXPIRE 45 DAYS PRIOR TO THE END OF THE INITIAL TERM.

3. ALL ADVERTISING COPY SHALL BE SUBJECT TO APPROVAL OF AMTRAK OR THE APPROPRIATE RAILROAD AUTHORITIES WHOSE DECISION SHALL BE FINAL BINDING.

THIS RIDER IS PART OF THE ADVERTISING CONTRACT WRITTEN BETWEEN ASH/LEDONNE ADVERTISING, INC., AND TRANSPORTATION DISPLAYS, INC., DATED, JANUARY 3, 1980.

/s/ [illegible]
ASH/LEDONNE ADVERTISING INC

/s/ [illegible]
TRANSPORTATION DISPLAYS, INC

[LETTERHEAD OF TDI]

TDI ADVERTISING CONTRACT DATE APRIL 22, 19

The undersigned hereby authorizes TRANSPORTATION DISPLAYS, INC. hereinafter referred to as TDI to display the following described advertising for which said Advertiser agrees to pay

the sum of FOURTEEN THOUSAND and 00/100
Net in advance during the term of the Contract:

Dollars ($ 14,000) Per MONTH

SUBJECT OF ADVERTISEMENT "SOPHISTICATED LADIES"

MEDIUM: Car Cards ____ Posters ____ Timetables ____ Dioramas ____ Exhibits ___ Island: ___ Showcase Kiosk ___ Other SPECTACULAR

Commencing May 15, 1982 For Twelve (12) Months

Size of Showing ONE Size of Display

Location Pennsylvania Station, New York

Position Over Amtrak ticket windows

Copy Changes At advertiser's expense.

Service Charges Advertiser is responsible for all charges connected with installation of the transparency as well as the electrical service and charges, as well as maintenance

YES xx NO

REMARKS SUBJECT TO 15% AGENCY COMMISSION
Rider "A" attached hereto is part of this contract

THIS CONTRACT IS EXECUTED IN DUPLICATE BY THE UNDERSIGNED OR AGENCY AND ACCEPTED BY TDI SUBJECT TO CONDITIONS PRINTED ON THE REVERSE SIDE.

ACCEPTED: _____ 19__

TRANSPORTATION DISPLAYS, INC.

BY /s/ [illegible]

Sales Representative BOB NEUBERGER

Sales Office New York

Address _____

Ash/Ledonne, Inc.
Advertiser or Agency

By /s/ [illegible]

Street 1500 BROADWAY

City NEW YORK, NEW YORK

Telephone Number 221-0140

Contract No _____

New Contract _____ Renewal _____

April 22, 1982

RIDER "A"

1) Advertiser has the option to renew this contract at the end of the initial twelve (12) month period subject to prior approval of TDI and Amtrak.

2) Space rate and other charges will be subject to negotiation.

3) All advertising copy shall be subject to approval of Amtrak or the appropriate railroad authorities whose decision shall be final and binding.

THIS RIDER IS PART OF THE ADVERTISING CONTRACT WRITTEN BETWEEN ASH/LEDONNE ADVERTISING, INC. AND TRANSPORTATION DISPLAYS, INC. DATED APRIL 22, 1982.

/s/ [illegible]
ASH/LEDONNE ADVERTISING, INC.

/s/ [illegible]
TRANSPORTATION DISPLAYS, INC.

[LETTERHEAD OF WINSTON NETWORK, INC.]

May 29, 1986

Mr. Bruce Bourque
Amtrak
400 North Capitol St. NW
Washington, DC 20001

Dear Bruce:

Enclosed is the black and white stat of the final approved photograph that will be used at the Penn Station Spectacular for Nike.

We estimate that this will be installed within three (3) weeks.

If you have any questions, please let me know.

Sincerely yours,

/s/ VINCENT NOTARO
Vincent Notaro
Senior Vice President

VN:DM

Enc.

[LETTERHEAD OF WINSTON NETWORK, INC.]

July 23, 1987

Mr. Bruce Bourque
National Railroad Passenger Corp.
400 North Capitol Street
Washington, DC 20001

Re: Penn Station Spectacular

Dear Bruce:

As discussed, recently the A & S department store has shown great interest in the leasing of this Spectacular sign at Penn Station.

The store will not open until the summer of 1988. They still have contracted with us for a twelve (12) month period starting on June 1, 1988. This contract is for $13,500 per month and is contingent upon them renewing for another twelve (12) months in 1989. If they choose not to renew for another year, they will have to pay an additional $500 per month short rate charge. They are also responsible for the $2,200 monthly electrical charge.

The two (2) other contracts enclosed are also contracts for A & S who wish to install a temporary sign earlier. Therefore, we have given them a special rate commencing October 1st and another commencing December 1st. This temporary sign will also be subject to your approval.

They are in the process of preparing the artwork for submission. As soon as I receive it, I will send it on for your approval.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,

/s/ VINCENT NOTARO
Vincent Notaro
Senior Vice President

VN:DM

cc: Mike Leible
Jeanine Crescimanno

[LETTERHEAD OF TDI]

June 4, 1992

Mr. Bruce Bourque
Project Manager
NATIONAL RAILROAD PASSENGER CORP.
60 Massachusetts Avenue, N.E.
Washington, D.C. 20002

Re: Penn Station Spectacular

Dear Bruce:

For your information, attached is a copy of the renewal contract for the A & S Spectacular. You will note that this contract is for a seven month period ending December 31, 1992, and that we have been successful in our effort to increase the monthly rate by 6%.

Although we would have preferred a twelve month renewal, given the current retail climate here in New York, we are happy to have a contract that will take us through the end of this year. We will, as always, take a very aggressive marketing stance regarding this property and are confident that our efforts will result in a long term commitment.

If you have any questions, please give me a call.

Sincerely,

/s/ RICHARD AMENT
Richard Ament
Vice President

cc: V. Notaro

CONTRACT FOR: RAIL ADVERTISING (CAR CARDS, POSTERS, TIMETABLES, DIORAMAS, EXHIBITS, ETC.)

☐ NEW ☒ RENEWAL

FROM Abraham & Strauss 420 Fulton Street Brooklyn, NY 11201	**CONTRACT NO.**	**DATE** April 31, 1992
	BRAND NAME/PRODUCT(s) A&S (06)	
	SALESPERSON NAME Lenny Garraffa	**NUMBER** 032
TO [LOGO OF TDI TRANSPORTATION DISPLAYS INCORPORTATED]	**SHIPPING ADDRESS** TDI 340 Railroad Avenue Ridgefield, NJ 07657 Attn: Fred Frohnapfel	**SHIPPING QUANTITY**

STATE AND MARKET	SIZE SHOWING	NO. OF DISPLAYS	TYPE OF DISPLAY	SIZE (HEIGHT & WIDTH)	STARTING DATE	NO. OF MONTHS	COST PER MONTH
New York Pennsylvania Station		(1)	"Penn Station Spectacular"	102'10"W x 10'3"H	June 1, 1992	(7)	$16, 690

SCHEDULE

YEAR

DATES ORDERED	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
1992						X	X	X	X	X	X	X

SPECIAL INSTRUCTIONS

Above rate is for space only. There is an additional $2,200 non-commissionable monthly electircal and maintenance charge. All contracts and copy are subject to final approaval by Amtrak.

THIS IS YOUR AUTHORITY TO DISPLAY AND MAINTAIN THE SHOWING SPECIFIED ABOVE IN ACCORDANCE WITH THE CONDITIONS ON THE REVERSE SIDE OF THIS CONTRACT.

ACCEPTED AND AGREED TO BY—TRANSPORTATION DISPLAYS INCORPORATED **ADVERTISER/AGENT**

BY _____ **DATE** _____ X /s/ [ILLEGIBLE]

CONTRACT FOR RAIL ADVERTISING **PLEASE PRINT** x MARTINE M. REARMAN—OVP MEDIA DIRECTOR

Name—Title

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